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## **Civil Service Reform in India** Perspectives from the World Bank's Work in Three States

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### **INTRODUCTION**

It is not inappropriate to say that India currently stands at the threshold of a unique historical opportunity with regard to governance and public management (GPM) reform. The initial burst of economic growth that followed liberalization in the early 1990s has stalled, prompting a fierce debate between those who believe that the reforms did not go far enough and others who believe that they have already gone too far. Beliefs and practices that have held sway since independence (and in some cases long before) are being challenged by globalization and the communications revolution. India's emergence as a world-class centre for information technology is opening up new possibilities in areas such as electronic governance. Increased urbanization and literacy are leading to demands for improved service delivery from a middle class that by some estimates is now approaching 200 million.<sup>2</sup> In the countryside, the seventy-third and seventy-fourth Amendments have helped create a new class of local political leaders. At the Union level, the growth of influential regional parties has led to the further devolution of power away from Delhi. The increasingly strained fiscal position of many states is forcing them to look for alternatives for the simple reason that the existing status quo is no longer financially tenable.

At the same time, traditional constituencies – such as agriculture and public sector unions – remain powerful and are often staunchly opposed to reforms that are perceived to jeopardize their interests. Populist political platforms are still popular among many segments of the electorate, resulting in the adoption of schemes and programmes that are politically popular but financially unsustainable. The burden of caste and tribal affiliations is still heavy in the countryside,

complicating the principle of equal and dispassionate treatment at the centre of modern bureaucracy.

As a result of these conflicting interests and pressures, India is currently going through a searching reassessment. One of the core issues in this debate is the proper role of the state in advancing development, regulating the economy, and delivering important goods and services. The rhetoric is at times strident – a recent Communist Party India (Marxist) publication accused the Government of India of proceeding to ‘kill public services’ by ‘mercilessly throwing out a number of employees by way of the so-called “voluntary” retirement scheme, direct retrenchment, drastic reduction of retirement age, etc.’<sup>3</sup> Yet the combative tone of such debates belies the fact that a consensus is beginning to emerge around the problems with India’s bureaucracy and the type of government that many Indians want.

Frustrated at the perceived inefficiency and lack of responsiveness, a recent *India Today* cover story, ‘Bloated Babudom’, noted that the bureaucracy ‘is worse than a corpse, as it resists change, fails to deliver even elementary services and costs too much’.<sup>4</sup> Captured in both the popular press and in the formal reports of many pay and administrative reform commissions, the emerging vision is one of a state that needs to do both more and less. It should be more engaged in providing essential public goods and services such as health care, education, and basic infrastructure. It should be less involved in the direct provision of economic goods or in the stifling regulation of the private sector. It should be more accountable and responsive to its citizenry. It should be cleaner, more transparent, more efficient, and more effective.

Historically, the World Bank has played a limited role in this broader debate about the role and function of government in its lending, analytic work, and policy dialogue. The Bank has long been active in seeking to advance institutional development in its various sector projects, where it has sought to improve the maintenance of farm-to-market roads or the availability of medicines in rural health clinics. During the 1990s, it supported programmes aimed at disinvestment and the privatization of public enterprises. But with few exceptions, the Bank tended to stay away from core public management issues, such as civil service reform.

The late 1990s has witnessed a major change. Core governance and public sector management issues, such as public expenditure management, civil service reform, anti-corruption, transparency and right to information, and enhanced accountability, have moved rapidly into the forefront of the Bank’s analysis and dialogue in India.<sup>5</sup> There are a number of reasons for this shift. Some operate at a global level, such as the rise of NGOs like Transparency International, who have played an important role in drawing attention to critical governance issues such as corruption. The award of the Nobel Prize for economics to Robert Fogel and Douglas North in 1993 brought increased attention to the role of institutions in fostering economic growth. A new generation of sophisticated research on topics such as corruption decisively put to rest the notion that it ‘greased’ the

wheels of development and instead underscored its pernicious and highly regressive effects. But perhaps the biggest reason, as elaborated below, was the growing demand for action on these issues from within India itself.

Before proceeding, a note of clarification is in order. The governance agenda is a broad one, and potentially encompasses a vast array of institutions and issues. For purposes of clarity, this discussion will focus upon a subset of issues relating to civil service reform, including both machinery of governance and pay and employment issues, as well as those relating to improving the integrity and transparency of the public sector.

### **INDIA'S PUBLIC SECTOR REFORM AGENDA**

By the late 1990s, it was increasingly clear in India to many sophisticated observers of Indian administration that the public sector was in need of serious overhaul. The country had inherited a colonial administration from the British that was lean and relatively corruption-free, but focused narrowly on the tasks of maintaining law and order and gathering revenues. It then expanded rapidly as the state took on a large number of social, economic, and developmental functions, ranging from fostering the green revolution to occupying the 'commanding heights' of the economy to strengthening environmental regulation. This increase in functions was matched by an increase in staff. In 1951, the IAS was constituted with an initial strength of 957. By the year 2000, this figure, had grown to nearly 5,000. The most rapid expansion occurred between 1960 and the mid-1980s, yet even after this growth began to slow, the size and cost of many governments continued to increase. In 1979, for example, the Government of India employed 3.02 million civilian employees in the Central government and another 1.7 million in Central public sector undertakings. By 1999, these figures had grown to 3.72 million and 3.5 million, respectively.

This expansion raised concerns along several dimensions. As Table 18.1 indicates, the Government of India and most Indian states are not overstaffed in a global sense. In fact, when viewed on a per capita basis, India's total civilian employment is less than half the average for Asia and less than one sixth the average for OECD countries.

However, while India's civil service is not overly large by global standards, it is unaffordable. The 1990s witnessed a quiet coup d'état of sorts, in which a significant increment of government expenditure was shifted to Central and state employees in the wake of the Fifth Pay Commission awards in 1996-97. Within the Central government, expenditure on wages grew over 2.4 times between 1996 and 1997 alone – a whopping increase of Rs 9,336 crore, or nearly \$ 2 billion. By 2000-01, expenditure on civil service salaries had increased over 300 per cent from 1996-97 levels, while the general increase in the consumer price index during this period was around 44 per cent. The salary bills for Central and state government employees had reached Rs 75,000 crore (over \$ 15.9 billion), or nearly half of all revenue receipts. The position of many state governments is

**Table 18.1:** Civil Service Staffing per 100 Population in Selected Countries<sup>6</sup>

<i>Country and Region</i>	<i>Central Government Employees</i>	<i>Non-Central Government Employees</i>	<i>Total Civilian Government*</i>
<b>South Asia Region</b>			
• India	0.4	0.4	1.2
• Bangladesh	0.4	–	0.6
• Pakistan	0.4	0.6	1.5
• Sri Lanka	2.8	0.6	4.5
<b>East Asia</b>			
• China	0.1	1.6	2.8
• Indonesia	0.7	0.3	2.1
• Korea	0.6	0.7	2.2
• Malaysia	2.3	1.1	4.5
<b>Asia Average**</b>	<b>0.9</b>	<b>0.7</b>	<b>2.6</b>
<b>OECD</b>			
• Australia	1.3	2.3	7.6
• France	2.7	2.2	7.0
• Japan	0.7	1.2	3.2
• United Kingdom	1.3	2.2	7.0
• United States	1.2	3.2	7.1
<b>OECD Average**</b>	<b>1.8</b>	<b>2.5</b>	<b>7.7</b>

\* In addition to Central and non-Central government employees, Total Civilian Government includes employees from the education and health sectors.

\*\* The Asia and OECD averages are region-wide and include other countries in addition to those cited here.

even more strained. In one Indian state whose experience is extreme but not atypical, the combination of salaries, pensions, and interest on previous debt made up more than 140 per cent of own-source revenues during the most recent fiscal year. For the last twenty years or more, the state has been mortgaging the future to meet its current establishment costs – a clearly unsustainable position. Even states whose finances are in better shape have often found themselves squeezing expenditures for operations and maintenance or development to fund the wage bill.

Beyond their fiscal burden, these high salary awards are questionable since, by some calculations, the ratio of average Central government wage as a multiple of per capita GDP is higher in India than virtually any other country in Asia.<sup>7</sup> Data on comparative teacher salaries, for example, indicates that the ratio of average primary teacher's salaries to GDP in India is around 5 : 1, whereas the ratio for a sample of thirty-nine Asian countries between 1970 and 1990 was 1 : 7.<sup>8</sup> It provides further evidence that even prior to these salary increases, the vast majority of Indian civil servants were already well compensated in comparison with other employees – a finding that helps explain the low attrition rates throughout the public sector even for highly skilled positions.

In a brief but interesting aside, one could hypothesize that these pay increases were not intended to serve as a reward for increased productivity, but were given instead to gain support from the unions and to eliminate the threat of labour unrest. However, as Figure 18.1 indicates, the awards of the Fifth Pay Commission and various state pay commissions had only a mixed impact upon labour disputes within the public sector. The number of disputes did go down from a high of 448 in 1997 to 128 in 2000, rising again to 139 in 2001. However, the average number of person days lost due to labour agitation was actually 188 per cent higher in the four years after the pay awards than it was in the preceding four years. Setting aside concerns of productivity and affordability, the bargain was a bad one even in the narrow terms in which it was framed.

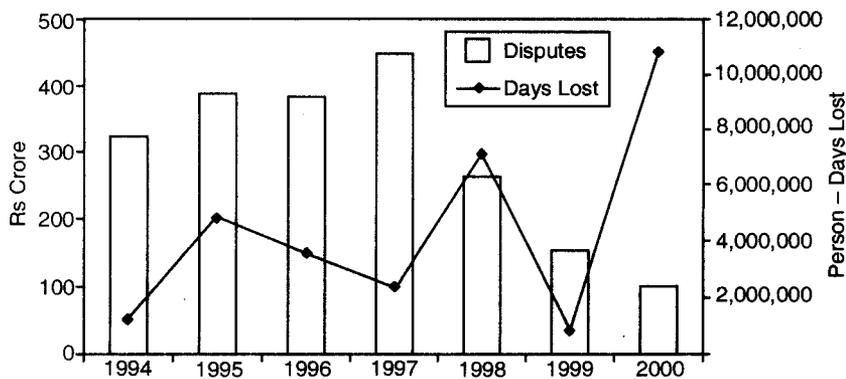


Figure 18.1 Indian Public Sector Labour Disputes

India's public administration also suffers from problems of inadequate staff mix, with too many staff at the lower levels of the civil service who bring limited value added. In the Central government and many states, Class I and Class II (Group A and B) officers (the top professional tiers) comprise only about 5 or 6 per cent of the civil service. Approximately 70 per cent of the civil service is Class 3 (Group C), which is composed largely of clerical staff but also includes staff engaged in front-line service delivery. Class IV or Group D employees, or peons, comprise the remaining 25 to 30 per cent of the workforce. A given section officer (the lowest working level officer in the secretariat) can have from 5 to 10 assistants, consisting of upper division clerks, lower division clerks, and peons. Many are being made redundant through advances in information technology, yet continue to draw their salaries. Ironically, this excessive logistical tail often exists alongside significant shortages of staff with skills in information technology, financial management, and policy analysis. In many states, there is also often a dearth of staff in critical front-line positions such as primary school teachers, police, and rural health workers – yet differing cadre rules and the tradition of a 'job for life' can make it very difficult to let go of staff or to transfer them from surplus areas into those where there is more demand.

Issues of accountability have become increasingly problematic. Studies have revealed problems of chronic absenteeism approaching 20 per cent in critical areas such as primary education, and some suspect it is much higher.<sup>9</sup> Anecdotes abound about employees who are paid but do not show up or who show up but do not perform their jobs, yet are protected from being sacked by powerful unions, political patrons, or a general unwillingness of their superiors to take hard decisions. As Punjab Chief Secretary M.S. Mann noted with frustration in February 2000, several state governments have become 'governments of the employees, by the employees and for the employees'.<sup>10</sup>

The Indian press and public opinion has been particularly concerned about problems of corruption in public life. No less a figure than President K.R. Narayanan used his address on the fiftieth anniversary of India's independence to warn that 'corruption is corroding the vitals of our politics and our society.'<sup>11</sup> Frustration with the ability of government to sanction corrupt officials through formal channels reached such proportions that recently the Central Vigilance Commissioner and IAS cadres in several states took the unusual and highly controversial step of publishing lists of suspected corrupt officers.

While the problems in Indian public administration are generally well known, what is less appreciated is the remarkable consistency in recommendations for addressing them. In numerous fora, ranging from national and state pay commissions, to various administrative reform and expenditure review committees, to academic workshops and conferences, there is an emerging consensus regarding both the overall direction of reform and, although less well defined, promising concrete measures for getting there. Taken together, documents such as the Report of the Conference of Chief Ministers (1997), the Report of the Fifth Central Pay Commission (1997), the Second Report of the Expenditure Reforms Commission on Optimizing Government Staff Strength, and the Draft Approach Paper to the Tenth Five Year Plan (2001) articulate a fairly integrated and coherent vision for change. Similar principles are endorsed by various state commissions, such as Andhra Pradesh's Vision 2020; the Report of Karnataka's Administrative Reforms Commission and Governance Strategy and Action Plan; Uttar Pradesh's policy papers on governance and civil service reforms; and Maharashtra's One Man Committee on Good Governance, to name but a few.

Taken together, such documents envision change along seven general themes, which are related and mutually reinforcing. They include efforts to:

1. limit the size and scope of government;
2. streamline organizational structures and decision-making processes;
3. reform human resource management practices;
4. improve transparency;
5. enhance responsiveness, accountability, and service delivery; and
6. promote integrity.

There are literally dozens and even hundreds of recommendations advanced under each category, out of which only following are the most prominent:

**Limit the size, scope, and orientation of government:** A large category covering a number of major elements. A key theme is that of getting government out of direct participation in economic activity through privatization and disinvestments of public enterprises. Another involves programme and functional reviews to eliminate activities where government intervention is no longer necessary, the contracting out of tertiary functions and the establishment of autonomous bodies. It involves efforts to contain the workforce and reign in government staffing, through the use of hiring freezes, surplus manpower cells, the abolition of vacant posts, and compulsory and voluntary retirement schemes. It also includes deregulation, legal simplification, the introduction of 'sunset' provisions, and eliminating the 'licence and inspection raj'.

**Streamline organizational structures and decision-making procedures:** Another large area that includes efforts to rationalize administrative structures that are often fragmented and balkanized, including reduction in the number of ministries and departments and clarifying the division of responsibility between them as well as between the secretariat and field formations. It also includes efforts to decentralize, streamline file circulation and reduce the number of layers in decision-making. Finally, it includes efforts to 're-engineer' processes relating to service delivery and government operations, often through the use of information technology.

**Reform human resource management and development practices:** This section covers a variety of efforts to halt dysfunctional practices and improve the quality of personnel administration. It includes the constitution of civil service boards, legislation, and freezes on premature or arbitrary transfers; improving the quality of the annual confidential report process; improving the posting of staff to make better use of available expertise; strengthening establishment control; developing accurate, real-time computerized HR databases; and improving training and staff development. It also includes efforts to contain pension expenses by moving to contributory schemes.

**Improve transparency:** For the Government of India and most Indian states, the critical measure under consideration in this context is the legislation on the right to information. Other items include the reform of administrative practices, such as transparent procedures for beneficiary selection, as well as the increased use of e-governance in making information available on various government web sites.

**Enhance responsiveness, accountability, and service delivery:** This area covers a broad range of initiatives. At the ministerial and departmental level, they include citizens' charters or improving the redressal of public grievances. They also include improving performance monitoring and evaluation, either through upgrading internal audit and management

information systems or by relying upon external agencies, such as NGOs, to conduct exit polls of client satisfaction and/or develop scorecards on the quality of government services. A major set of initiatives seeks to improve accountability by moving service delivery closer to the people by devolving and decentralizing important responsibilities to panchayati raj institutions.

**Promote integrity:** Approaches have been recommended for combating corruption that centre around strengthening its sanction and prosecution, improving prevention and broadening public awareness. They include strengthening the investigative machinery (such as Lok Ayukts, vigilance commissions, departmental vigilance officers, etc.); streamlining procedures for departmental inquiries and disciplinary proceedings; creating special anti-corruption courts; reducing the amount of discretion available to bureaucrats; and strengthening audit and the response to audit findings.

### **A TALE OF THREE STATES: REFORMS IN UTTAR PRADESH, ANDHRA PRADESH, AND KARNATAKA**

The World Bank's work on GPM issues in India is driven by several important principles. The first is the high priority given to supporting indigenous reform efforts. India has been blessed by having some of the best and the brightest minds both within and outside of government pondering the strengths and weaknesses of the Indian administrative system for decades. They have produced an articulate agenda for reform that is sensible and well tailored to local circumstances and political and administrative realities. In areas such as e-governance, India is becoming a global leader for the developing and, in some areas, the developed world as well. Because the GPM reform agenda has been so carefully and thoroughly examined, the Bank has the luxury of simply focusing upon those aspects of this agenda that are likely to be the most effective drivers of change. Through its policy dialogue, the Bank can also help make available examples of best practice drawn from other Commonwealth and non-Commonwealth countries, and can use its experience to provide advice as needed on issues of prioritization, timing, and sequencing.

The second principle, which has been enshrined in the recent India Country Assistance Strategy (2001) and numerous internal documents, is the importance of focusing limited resources in a few states where the Bank can most effectively support reforms. This strategy envisions a multi-year, multi-sectoral partnership. In these states, the Bank will typically support fiscal and governance reform programmes. The fiscal component seeks to help put the state's financial house in order and focus on the long-term financial sustainability. The governance component seeks to address core or systemic issues that cut across all sectors and hamper effective service delivery, such as a lack of predictability in resource flows, or the lack of accurate, up-to-date information on the aggregate size and composition of the civil service. Support for these cross-cutting reforms, recently

provided through budget-support operations, will be linked with a series of sectoral lending and analytic operations in critical areas such as health, education, irrigation and public works. Particular care is taken to identify the key constraints to growth and to focus upon policies and reforms that are likely to have the greatest impact upon poverty reduction.

Another important area for Bank assistance is analytic work that provides empirical support for Indian decision makers. In many respects, India presents an ideal laboratory for public sector reform. The states share similar administrative structures, and there is extensive circulation between the states and Delhi within the All-India Services. Local cultures, political traditions and levels of development can vary markedly, and there is no guarantee that practices which are successful in Andhra Pradesh will work automatically in Uttar Pradesh and Orissa. Yet India's federal structure allows both scope for innovation (particularly in areas that fall under the jurisdiction of the states), and networks that can facilitate the dissemination of promising new ideas fairly rapidly. One of the key elements of the Bank's emerging GPM strategy is to help to facilitate this flow of information by documenting innovative practices and supporting forums, such as the India States Forum, where exchanges can take place.

While active in a variety of states, the bulk of the Bank's work to support core governance reforms in India has been in three states: Uttar Pradesh, Andhra Pradesh, and Karnataka.<sup>12</sup> Each presents its unique set of challenges, which will be discussed below. Uttar Pradesh was the first state to receive a sub-national structural adjustment loan from the Bank in April 2000. The Bank's relationship with Andhra Pradesh has lasted longer, stretching back to the Andhra Pradesh Economic Recovery Programme in 1996. However, Andhra Pradesh did not receive a major fiscal and governance operation until recently. Karnataka became a focus state in 2000 and has since received two major structural adjustment credits (2001 and 2002).

### **Uttar Pradesh: Crisis-Driven Reform from within the Civil Service**

With a population of 160 million, Uttar Pradesh is the largest and arguably most important state politically within India. In the period immediately after independence, UP had one of the more effective public administrations. Unfortunately, its performance has eroded significantly, with the decline becoming increasingly pronounced in the 1990s. This deterioration has had significant repercussions for the state's ability to expand its per capita income, as indicated in Figure 18.2. It has also interfered with UP's ability to make progress on a host of important social indicators.<sup>13</sup>

The roots of this decline are many. Chronic political instability and frequent changes in government have placed tremendous demands upon politicians for money and patronage to assure their re-election. These pressures have in turn helped erode the boundary between the political and administrative spheres and contributed to three major problems: large-scale personnel transfers, many of

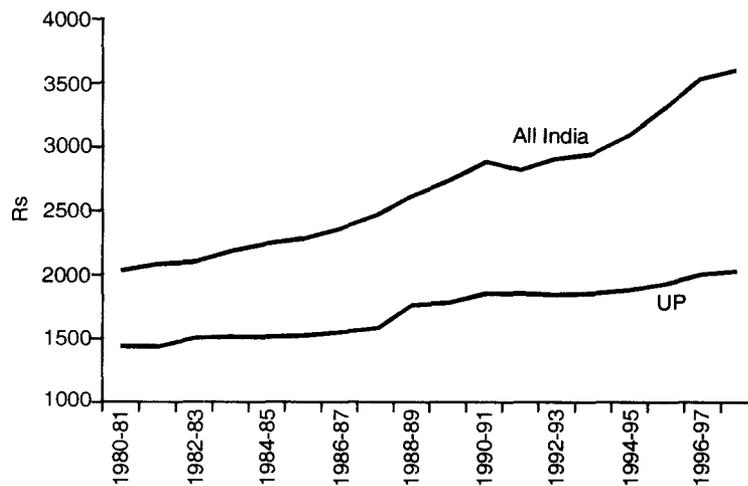


Figure 18.2 Real Per Capita Income in Uttar Pradesh

which were motivated by considerations of personal or political loyalty rather than performance; widespread patronage-based recruitment; and the fragmentation and balkanization of administrative structures.

Although the data are incomplete, from 1992 through 1998, each Chief Minister in UP has transferred an average of 420 IAS officers per year out of a total cadre strength of just under 500, resulting in an average tenure of just under fourteen months. The problem is a particularly thorny one to resolve. Under the Indian Constitution, the power to appoint civil servants is vested clearly with political leadership and then delegated to senior administrative staff. Transfers are one of the few tools that politicians have for ensuring the responsiveness of the administrative branch. However, excessive recourse to this instrument has had a debilitating and corrosive effect upon both managerial authority and staff morale. The problem of transfers has become so bad that one senior UP government official recently quipped to the press, 'the only thing that moves in UP is an officer'.<sup>14</sup>

UP's civil service is not particularly large by global or Indian standards. With roughly 900,000 regular civil servants, 300,000 teachers, 62,000 casual and work-charged employees, and a variety of teachers supported in grant-in-aid institutions, there are approximately 1.3 million employees drawing their salary from the state. This figure of 0.78 per 100 population is less than the all-India average of 1.2. But it is unaffordable. Salaries and pensions are over 50 per cent of total revenues and 90 per cent of own-source revenues, and the actual amount is higher when one considers disguised compensation.<sup>15</sup> As part of its dialogue with the Bank, the UP government recently committed itself to reducing the aggregate size of its civil service through attrition by 2 per cent per year. Yet this decision is the result of problems with affordability in the light of weak revenue mobilization; it does not reflect an overly large civil service.

Patronage recruitment has been a problem in UP, although the story is more complex and nuanced than one might expect. As Table 18.2 indicates, the civil service increased rapidly during the post-Independence period as the state's focus moved from collecting revenues and ensuring law and order to the broader task of advancing development. While such expansion is typical of many governments during this period, historical data from 1975 through 1992 indicate that public sector employment in UP increased at a rate nearly 40 per cent faster than the national average. By the early 1990s, the rapid expansion in civil service had largely come to an end.

**Table 18.2:** Increase in UP Civil Service Employment, 1971–92<sup>16</sup>

Year	Class I and II		Class III		Class IV		Daily and Work-Charged		Total	
	Number	% Increase	Number	% Increase	Number	% Increase	Number	% Increase	Number	% Increase
1971	12,437		268,305		210,730		52,714		544,186	
1976	19,685	58.3	270,735	0.9	239,278	13.5	58,479	10.9	588,177	8.1
1981	24,622	25.1	230,289	-14.9	266,381	11.3	71,273	21.9	592,565	0.7
1986	28,784	16.9	354,423	53.9	327,666	23.0	202,513	184.1	913,386	54.1
1992	44,200	53.6	433,962	22.4	345,299	5.4	173,224	-14.5	996,685	9.1
<b>Total Increase</b>		255.4		61.7		63.9		228.6		83.2
<b>% Total</b>	4.4		43.5		34.6		17.4		100.0	

The expansion of UP's civil service was uneven. In terms of numbers, this growth was particularly pronounced at the lower end. Approximately 93 per cent of this increase involved non-gazetted staff (Class III and IV) and daily wage and work-charged employees. Only 7 per cent involved the senior levels, Class I and II (including the senior All-India Services and the Provincial Civil Service). From 1981 to 1986, the number of employees hired as daily and contract labour increased from 71,000 to 202,500 – a jump of over 184 per cent. Since that time, the number of daily wage and contract workers has declined to its current level of around 60,000, and recruitment in this category has been frozen.

On the other end, in proportional terms the greatest increase was at the higher level of the civil service. The expansion of the UP Secretariat provides a particularly telling example, for it serves as the clearing house of state government and in many ways sets the tone for subordinate agencies.<sup>17</sup> From 1965 to 1994, the number of principal secretaries, secretaries, and special secretaries increased by more than sevenfold. The number of joint secretaries, deputy secretaries, and undersecretaries more than doubled. In 1965, each secretary supervised 1.86 section officers; by the mid-1990s, this ratio had reversed itself to the point in which 1.14 secretaries were overseeing every section officer.

The reason for this increase was that higher-level posts were upgraded to provide promotion prospects to different categories and cadres of officers and

officials. At the same time, the number of ministerial positions proliferated in response to the requirements of coalition politics. Unfortunately, both practices have led to a pronounced balkanization of administration. As it entered the twenty-first Century, UP had over ninety ministers and seventy major cabinet departments, whereas the global average for cabinet ministries (including portfolios such as foreign affairs and defence that are not present in UP) is around sixteen. This fragmentation has made it extremely difficult to coordinate policy initiatives that cross departmental boundaries.

Finally, UP's civil service suffers from the perception of widespread corruption. In 1999, *Business Today* ranked the state as the second worst state to invest in for reasons of policy instability and poor governance.<sup>18</sup> A survey of the general population around the same time revealed that nearly 57 per cent of the population had to pay bribes to receive public services either 'very frequently' or 'often'. Over three citizens in four viewed the level of corruption in UP as much higher or somewhat higher than India as a whole, whereas only 6 per cent felt it was less.<sup>19</sup>

Under the leadership of a dynamic Chief Secretary and Principal Secretary (Finance), along with a host of talented and committed junior officials, and with the blessing of the BJP-led coalition, in 1999, the Government of Uttar Pradesh put together a strategy aimed at restoring the efficiency and integrity of the civil service. The civil service reform agenda had three components aimed at ensuring the long-term affordability of the civil service, enhancing its productivity, and strengthening meritocracy. These measures included: an annual 2 per cent reduction in the size of the civil service; conducting a series of functional reviews to identify areas where the government could withdraw from and rationalize its programmes and activities; and implementing measures to improve its human resource management, such as creating a computerized human resource database and revising the annual confidential report process. To combat corruption, the government developed a viable anti-corruption strategy, implemented diagnostic tools such as surveys, and strengthened the staffing and resources for key accountability institutions, such as the Vigilance Establishment and Lok Ayukt. The government also pursued the privatization of selected public enterprises; identification and elimination of antiquated regulations; and efforts to improve service delivery through the development of citizens' charters.

The government's success in realizing these agenda to date has been mixed. There has yet to be a serious effort towards rationalizing functions, although some useful steps have been taken to consolidate related cabinet departments under a designated principal secretary. The government has recently taken some impressive steps to improve the quality of human resource management. It has constituted a Civil Service Board to reduce the number of premature transfers. It is developing strategies for overhauling the Annual Confidential Report process. It has also initiated efforts to establish a computerized human resource database, which will enable it to track establishments better and close some of the loopholes through which recruitment into the civil service continues to take place. The Cabinet has endorsed an impressive anti-corruption strategy. The backlog of

Vigilance and Lok Ayukt reports has been cleared, and the rate of investigations and sanctions has markedly increased, albeit from a very low base.

The jury is still out as to whether these measures will ultimately be effective. If given time to gel, these efforts could make significant inroads into several of the most critical problems that have plagued the state during the last decade. Unfortunately, while some (such as the computerized human resource database) continue to move forward, others (such as the Civil Service Board to help reduce transfers) have not fared well under the political transition that took place in 2002. UP also demonstrates the limits of reform, when the requirements of sound administration run up against and are often overwhelmed by the state's social fragmentation and the political prerequisites for obtaining and retaining power.

Historically, UP has been at the crossroads of India and has witnessed frequent invasions and mass immigrations, resulting in a populace that is ethnically, religiously, and socially diverse. Even today, political allegiances and affiliations tend to run either to the national or local level or be framed along tribal or ethnic lines.<sup>20</sup> This social fragmentation has strong manifestations in the political sphere. In the wake of the loosening of the Congress Party's grip upon power in the 1980s, UP has experienced chronic political upheaval. During the last decade, there have been no fewer than eleven separate chief ministers' tenures interspersed with periods of Central rule from Delhi, leading to an average tenure in office of approximately ten-and-one-half months. No single, broad-based party has arisen to dominate the political horizon, with the result that fractious coalition politics has typically been the rule of the day. Prior to the February 2002 elections, UP's assembly contained thirteen different parties and twelve independent members, with a tri-polar balance existing between the BJP (174 representatives), the Samajwadi Party (102) and the Bahujan Samaj Party (48). In the wake of the recent elections, in which the BJP suffered major reversals, the Assembly has been even more fragmented, with sixteen parties and fifteen independent members being elected.

The result of this political fragmentation has been a series of weak coalition governments and a complicated melange of political manoeuvring, in which short-term tactical alliances are common and the defection of a few key coalition partners can bring down a government. Considerations of personality and patronage are more important than ideology, and politics is typically more about the division of the fruits of power rather than conflicting policy prescriptions and sharply divergent views about the optimal organization of society.<sup>21</sup> Under such circumstances, it is difficult to articulate a common vision that can cross party and caste lines. It is also difficult to attain the stability and continuity in tenure necessary to take a reform agenda forward over time.

### **Andhra Pradesh: Reform from Above**

Andhra Pradesh has enjoyed much greater political stability under the leadership of its dynamic Chief Minister, Chandrababu Naidu, who has been in office

continuously since he assumed the position in an inter-party coup in 1995. Whereas in UP, senior civil servants may have been bringing along an occasionally reluctant political leadership, the situation in AP is quite different, with political leadership exerting strong and constant pressure from above for reform. Not surprisingly, AP has been able to make much greater progress in advancing a reform agenda.

With the help of the McKinsey consulting firm, the Government of Andhra Pradesh has articulated a comprehensive vision of reform, its 'Vision 2020'. This includes a focus upon 'SMART' governance (Simple, Moral, Accountable, Responsive, and Transparent). It envisions a government doing 'fewer things better', through refocusing priorities and spending and letting the market do the rest.<sup>22</sup> P.V.R.K. Prasad in Chapter 21 addresses the state's reforms in critical areas such as paring back subsidies, promoting participatory economic development, harnessing IT for creation of job and improving citizen services, and using human resource development for change management and good governance. This chapter will reflect upon the progress that AP has made so far in implementing what has really been an ambitious set of reforms and the challenges that remain.

Andhra Pradesh has accumulated a successful track record of accomplishments. In some areas, such as electronic governance, it is approximating global best practice. Its use of information technology to streamline and re-engineer business processes, through programmes such as the Computer-Aided Registration Department (CARD), as well as its efforts to serve customers better through the creation of one-stop shops for sixteen different government services, such as TWINS/e-Seva, are milestones in the field.<sup>23</sup> Other efforts to accelerate information flows, such as the Secretariat Knowledge Management Information System, or SKIMS, hold the promise of streamlined and more efficient operations in the future.

Less well known but equally impressive has been the progress that Andhra Pradesh has made in the sphere of human resource development and training. Three elements of this work are particularly important. The first is the Chief Minister's emphasis upon consultation and knowledge management. Both he and his Cabinet frequently attend policy sessions, along with senior bureaucrats, in which issues are debated and leading experts are invited to recommend policy and institutional reforms. AP has also invested heavily in information and distance-learning technology, which enables these discussions to be broadened in order to include staff outside of Hyderabad, such as district collectors throughout the state. Finally, the Government of Andhra Pradesh has been extraordinarily systematic in thinking carefully and systematically about the skills and training that needs to be imparted to civil servants at various levels.

Another important accomplishment is that, with the support and encouragement of the Chief Minister, an ethos of reform has entered into the bureaucracy.<sup>24</sup> A host of new initiatives are surfacing in a variety of sectors. The power sector has been corporatized and production, transmission, and distribution have been unbundled. Significant progress has been made in the effort to improve collection

rates and reduce power theft. In irrigation, Naidu entrusted the operation and maintenance of irrigation systems to stakeholder farmers in 1997, who manage with assistance from irrigation engineers and collect water charges from users (70 per cent of the water charges collected go to the water user associations). In education, the government has adopted a counselling system that has helped rationalize and routinize the thorny problem of teacher transfers. The government also adopted a gradual and phased approach to public enterprise reform, and has privatized eleven of the original thirty-nine public enterprises and sixty cooperatives in which the state is the dominant shareholder.

In spite of this progress, two sets of issues remain. The first are areas where reforms have taken place but have yet to feel their full impact. AP's fiscal situation remains tenuous, with large subsidies for power placing significant upward pressure upon the deficit. AP's fiscal deficit for FY2001-02 exceeded 6 per cent, the highest in AP's history. With a history of militant trade unions and staffing ratios of total government employees to population of 1.3 per 100 and total public sector employees (including State Owned Enterprises) of 1.77 per 100, AP's staffing levels are high in comparison with all-India averages. But the size of the civil service has been falling in AP, in line with the state's commitment to reduce government employment (excluding primary school teachers) in the State by 1.9 per cent a year, as well as a reduction in the salary to GDP ratio. Like most Indian states, AP is likely to experience high attrition rates during the next few years, so a reduction in staffing can occur through natural losses provided that the government is careful to restrain new recruitment.

AP's problems with staffing underscores some of the deeper rigidities constraining managers within Indian administration. In spite of the tremendous gains in productivity through the expanded use of information technology, such projects were accepted by the unions only with the promise that no jobs would be lost. AP has established surplus manpower cells at the centre and district levels to facilitate the redeployment of staff whose services have been made redundant. But the multiplicity of cadres, limited capacity at the centre for integrated human resource manpower planning, prohibitions against the contracting out of core functions, and the unique Six-Point Formula limit the ability of managers to redeploy staff to where their talents could be put to better use.<sup>25</sup>

Another problem is that of ensuring that growth and improvements in service delivery filter out to the countryside, where many social indicators lag behind all-India norms. A number of Naidu's critics argue that his various 'e-governance' initiatives are unlikely to improve the lot of the 70 per cent of Andhra citizens who remain in the rural hinterland. At one level, such criticism is unfair. Most major public sector reform efforts take a decade or more to implement, and AP's current reform effort is far from complete. The Government of Andhra Pradesh is currently moving rapidly to extend its reach into the countryside by establishing 'one-stop shops' in over fifty cities throughout the state, and in setting up hundreds of kiosks through which citizens can directly conduct basic transactions online. Yet it will be years before such technologies can fully penetrate into the countryside,

and in the interim, AP's progress in improving basic social indicators such as literacy has not been encouraging.

To improve the performance of local institutions, the Government of Andhra Pradesh has adopted the Janmabhoomi programme, which has several components that are more extensively discussed in Chapter 21. Janmabhoomi has been fairly controversial, with supporters arguing that it provides local citizens with both resources and a framework in which they can keep state officials accountable, and opponents arguing that it subverts established panchayati raj (rural local government) institutions. Polling data indicates that the program enjoys considerable popularity in the countryside. Both sides accept that more needs to be done to improve the quality of service delivery in the countryside, and the government is currently considering a variety of proposals to both strengthen the panchayati raj institutions and improve the integration of resource use at the village level.

Ironically, in a state so committed to private sector growth, AP's efforts at business deregulation and eliminating the 'inspection raj' have lagged behind other states such as Karnataka and Kerala. In 1993, the Government of Andhra Pradesh set up the Central Documentation Clearance Centre (CDCC) to provide the main interface for investors and serve as a 'single-window system' to facilitate the licensing and approval processes for large and medium scale private sector investments. However, the share of investments that chose to go the 'single-window' route fell steadily from 30 per cent in 1996-97 to just 4 per cent in 1999-2000. This dipped further in 2000-01 and there is a growing list of investment proposals that are awaiting a government response. The most likely rationale for this decline is that, under this reform, the authority to approve or reject a proposal still remains with each of the line agencies, which dislike the single-window concept because it places a buffer between them and the investors. The government has recently implemented legislation that will make the single-window approach mandatory, but major gains will not be realized until the inspection regime itself is rationalized.

The second major set of issues includes areas where reforms have yet to be initiated. One of the most important is a serious overhaul of the structure and function of government to eliminate obsolete and ineffective schemes and programmes and avoid areas of overlap and redundancy. An examination of the actual functions of the departments of School Education, Minority Welfare, Social Welfare, Tribal and Disabled Welfare, and Backward Class Welfare, for example, reveals a remarkable similarity in approach: these departments essentially run hostels and education programmes and provide scholarships. While the needs of client communities will differ, it is difficult to justify such fragmentation on administrative grounds. Andhra Pradesh has initiated some important work to consolidate functions and eliminate overlapping responsibilities. The Chief Minister is reported to have recently spent over 320 hours reviewing the mission, scope, staffing, activities, performance criteria, and reform strategy of over 150 major and minor departments. The Government of Andhra Pradesh developed an

authoritative, comprehensive organizational chart that clarifies reporting relationships throughout the government and has allowed all departments and department heads to be grouped into eight broad categories, such as 'economic development', 'social development', and 'revenue'. These groups are then considered together in budgeting and quarterly reviews, facilitating greater coordination. Yet much more work is needed to rationalize these programmes and functions and reap the full efficiency and productivity gains.

Another area where the government is just beginning to initiate reforms is in the delicate area of anti-corruption. As is true with many governments who struggle with this issue, AP's current anti-corruption machinery is divided between a number of small and under-resourced units with limited independence, vague and overlapping mandates, and tarnished reputations. The Cabinet has recently endorsed a revised anti-corruption strategy focusing on prevention, prosecution, and public awareness. It will now need to proceed into implementation.

### **Karnataka: Measured Reform from both Directions**

Karnataka's measured approach to reforms falls in between UP's civil-service led effort and AP's top-down, command-and-control approach. (Borrowing from China, if AP represents a 'Great Leap Forward', Karnataka's approach represents 'Let a hundred flowers bloom.') Prior to 2000, the state had not embarked upon a major civil service reform effort. Yet its civil service was among the more competent within India, and the state had taken a number of incremental but important steps along several dimensions. Careful management of the wage bill has allowed the state to avoid much of the fiscal stress encountered by other states in the wake of the Fifth Pay Commission increase.<sup>26</sup> At the same time, a variety of reforms were taken in various sectors in areas such as contracting out ancillary services.

Beginning in 2000, the Government of Karnataka embarked upon two major efforts to articulate a strategy for reform. It established the Karnataka Administrative Reforms Commission, chaired by a distinguished politician, Haranahalli Ramaswamy, with the goal of making government more responsive and client-focused while bringing in greater levels of efficiency, accountability, and transparency. The Department of Personnel and Administrative Reforms also established a Governance Strategy and Action Plan for Karnataka. Collectively, these initiatives articulated a wide-ranging agenda for public sector reform, ranging from the establishment of a medium-term fiscal plan to increasing the share of funds to panchayati raj institutions to closing ten public enterprises. In the area of restructuring public administration, the major thrust of Karnataka's reforms can be summarized along three dimensions:

1. a smaller but more effective civil service;
2. enhanced transparency and accountability; and
3. more efficient and responsive delivery of essential public services.

The Government of Karnataka has taken impressive strides forward in the

area of rationalizing public administration. The Administrative Reforms Commission has launched functional reviews of thirteen major departments, which are being conducted by outside sources. These reviews will serve as the basis for further efforts at streamlining, rationalization, and outsourcing. The government is concerned with the proliferation of quasi-governmental agencies, such as new public enterprises and government-financed societies, and has imposed a virtual freeze on the creation of such bodies. It is also pursuing efforts to de-layer file circulation within the Secretariat.

Another area where Karnataka has moved proactively to rationalize and trim back the role of the state is business deregulation. The government has developed a single, new Common Application Form to replace sixteen existing forms for establishing a business. The number of registers and returns currently required to be maintained and submitted by industries has been reduced from twenty-four to four. A number of 'single windows' for separate industries are being amalgamated, and procedures for receiving approvals for building permits are being streamlined by the introduction of a common building code. The government is also making serious efforts to tackle the problem of the 'inspection raj' by introducing computer-generated random sampling and other improvements in transparency.

Karnataka's reforms place heavy emphasis upon transparency and publicity. It was the first state to enact a Transparency in Public Procurement Act in 2000 and was among the first states to enact a progressive Right to Information Act also in 2000. The impact of the former has by all accounts been very salutary, and the latter came into force in July 2002. It has taken important steps in the area of fiscal transparency, including publishing monthly financial accounts and information on tax expenditures and arrears. It has even taken the highly commendable step of placing data regarding transfers on the Internet, disaggregated by department and class of civil servant and updated every six months. (Historically, transfers have been a problem in Karnataka, although their frequency has varied markedly from year to year.)<sup>27</sup>

In the area of enhanced service delivery, Government of Karnataka is moving forward with the citizens' charters in a number of departments with large interface with the public, including transport, police, and stamps and registration. It is computerizing and re-engineering business processes to improve service delivery in many of these areas. It has engaged NGOs in the preparation of citizens' charters and in monitoring the performance of government departments. It has also strongly embraced decentralization as a means of improving responsiveness to local needs and conditions.

## **CONCLUSION**

The GPM reforms under way in Uttar Pradesh, Andhra Pradesh, and Karnataka are by no means unique. Others have embraced important and challenging sets of reforms with equal enthusiasm and success. Madhya Pradesh has made impressive

advances in community empowerment and decentralized service delivery in particularly problematic areas such as primary education. Punjab has pioneered the establishment of a computerized human resource management system. A number of states, such as Gujarat and Kerala, are beginning to introduce voluntary retirement schemes for the core public sector, which will help to restructure the skills mix within the public sector and move resources away from salaries towards operations and maintenance, supplies, and capital expenditures.

In reflecting upon the three different approaches to improving the quality of governance and public management in UP, AP, and Karnataka, several important issues emerge. The first is the tremendous influence that a given state's electoral composition and political culture can exert upon its ability to pursue a reform agenda. The success of Naidu and his Telugu Desam Party in obtaining and staying in power since 1995 has given Andhra Pradesh a significant advantage over most other states, and especially over a state like Uttar Pradesh.<sup>28</sup> A fragmented polity can lead to chronic political instability, which makes it very difficult to achieve the sort of consistency in policy and staffing necessary to carry reforms forward over time.

Within the Indian political context, elections bring another problem: they are expensive. A preliminary analysis of electoral spending during the 1999 state assembly elections in Andhra Pradesh revealed that, after adjusting for differences in income, on a per capita basis the citizens of that state spent over twelve times more than the US citizens did in the 2000 presidential and congressional elections – which was itself the most expensive election in American history. Few would spend such sums without the expectation of a return on their investment. Campaign finance reform is a complex issue, and one that lies beyond the mandate of the World Bank, which is prohibited by its Articles of Agreement from addressing political considerations in its lending or analytical work. Yet the current system places strains upon the efficient operation of the public sector and indeed upon India's proud democracy.

With the exception of Karnataka, one notable area where relatively less influence has been placed vis-à-vis public sector reform movements in other Commonwealth and OECD countries is that of efficiency and enhanced value for money. A recent review of reform efforts in fourteen countries noted that the central driving force behind their public sector restructuring effort has been the desire to obtain more for less – to reduce the aggregate expenditure upon the civil service and squeeze out greater gains in efficiency and productivity.<sup>29</sup> Yet most Indian public sector reform efforts are surprisingly mute on this point, preferring to emphasize improvements in accountability, transparency, and service delivery instead. There are certainly scope for significant efficiency gains: one recent estimate noted that it costs the government around Rs 50,000 per month in the expense associated with an official car, including the driver, fuel, maintenance, and capital costs, whereas a similar car can be rented in the open market for around Rs 11,000.<sup>30</sup> Perhaps powerful public sector unions, interventionist courts, and the legacy of a paternalistic state make the possibility of savings through such rationalization to

be small and unpalatable politically. Yet one wonders if India can buck the global trend, and push through difficult and politically costly restructuring efforts without placing the dialogue about efficiency and cost-cutting squarely on the table.

In a similar vein, it is difficult to view accountability and performance improvement markedly unless employees face the credible threat of dismissal if their performance is not up to par. In my view, one of the most difficult yet important challenges confronting India's civil service is that of weeding out the corrupt, incompetent, and lazy in order to 'encourage' the rest. Towards this end, there are opportunities to make changes within India's civil service that are relatively under-exploited. One is the provision to compulsorily retire staff at age fifty or after a specified period of service if their performance is not deemed adequate. Another is the need to streamline disciplinary procedures. A third is implementing an 'up' or 'out' system for the senior civil service on the model of the Indian Armed Forces, which would help to reduce administrative fragmentation and provide incentives for improved performance. Revisions in the Annual Confidential Report process are necessary to update the evaluations and bring about more dialogue and discussion between employees and their supervisors. Compassionate employment, which is fairly widespread and subject to significant abuse and which leads to all sorts of distortions in recruitment, should be eliminated. It sends exactly the wrong message: that a civil service job is a right, legacy, or patrimony to be handed down through generations, not a privilege to be earned through merit.<sup>31</sup>

Finally, I would say some brief words about process and the contrasting example provided by Andhra Pradesh and Karnataka. Phrasing the question provocatively, do you need a Naidu to successfully manage change within the Indian administrative context? AP's political and administrative culture is remarkably centralized – relying heavily upon the driving force of the chief minister's personality and political and managerial acumen, coupled with a small group of extremely talented technocrats to help shape and carry forward the reform agenda. This team has been able to overcome much of the fragmentation and inertia inherent within India's public administration, and to do so with remarkable speed and decisiveness. But one worries about long-term sustainability. In contrast, Karnataka's approach to reform has been slower and more collegial, relying heavily upon consensus rather than command. One is reminded of Machiavelli's observation, 'A government will not endure long if the administration of it remains on the shoulders of a single individual; it is well, then, to confide this to the charge of the many, for thus it will be sustained by the many.'<sup>32</sup> Yet would Karnataka's approach work in other states without its history of prudent fiscal management, egalitarian social traditions, and generally competent civil service?

To conclude on an optimistic note: the discussion above has underscored that there is an extensive (some would even add depressing) consistency in the recommendations of Indian administrative reform and pay commissions over the past three decades. In 1997, the Fifth Pay Commission issued the following sober assessment of half a century of Indian public sector reform:

Although the many reforms introduced in the last 50 years have borne some fruit, there has been a tendency for dynamic initiatives to peter out once the prime movers behind them were removed. Thus, the systems of performance budgeting, annual action plan, management by objectives, organization and methods, memorandum of understanding, etc., which started off as highly innovative responses to systemic stasis, got converted into routine, ritual exercises bereft of any meaning. Organizational reforms have tended to be more in form than in real substance, leaving little impact on the efficiency of the system. What has been lacking is a congruence between strategy, structure and substance. Indian experiments with reforms do not get institutionalized, they often fade away with the personalities who introduced them.<sup>33</sup>

This assessment serves as a useful reality check against woolly-headed optimism and uncritical enthusiasm for the latest managerial fad. Yet there are also reasons for hope. The forces of liberalization and globalization are much more powerfully felt, and the growth of the middle class is resulting in increased pressure for responsive, accountable, and transparent government. The expansion of sophisticated public interest NGOs, and the availability of greater information through the Internet, are creating new opportunities and possibilities for effective administration. The nature of the reform agenda may not have evolved radically over the past two or three decades, but India itself is changing in ways that make its successful realization more likely.

## NOTES

1. This paper was finalized in April 2003 based upon an initial presentation at the States Forum in November 2000.
2. See Gucharan Das, 'India's Growing Middle Class', *The Globalist*, 5 November 2001.
3. Sukomal Sen, 'Central Government Proceeds to Kill Public Services', *People's Democracy: Weekly Organ of the Communist Party of India (Marxist)*, Vol. XXV, No. 14 (8 April 2001). Ironically, the article then goes on to provide a sensible and well-conceived list of measures for the rationalization and downsizing of the senior civil service.
4. Sumit Mitra and Prabhu Chawla, 'The Babu Burden', *India Today*, 5 February 2001.
5. The Bank has been engaged on other GPM issues, such as the reform of tax policy and administration. It has also taken some nascent steps in the area of legal and judicial reform.
6. Cited from Salvatore Schiavo-Campo, 'Government Employment and Pay: The Global and Regional Evidence', *Public Administration and Development*, No. 18 (1998), pp. 457-78.
7. See N.C. Saxena, *The Rationalization of Manpower in Government: Issues and Options*, Background Paper, Institute of Applied Manpower Research, p. 15 (unpublished).

8. See F. Howard Nelson, 'International Comparison of Teachers Salaries and Conditions of Employment', in *Developments in School Finance*, National Centre for Education Statistics (1994), pp. 111-27.
9. See G.V.L. Narasimha Rao, *Teacher Absenteeism in Primary Schools: A Field Study in Select Districts of MP and UP*, DPEP Bureau, Department of Education, Government of India; see also *Public Report on Basic Education in India*, New Delhi: Oxford University Press, 1999. In 1997, *The Economist* reported that, in the course of one investigation, researchers paying unannounced visits to fifteen schools in different parts of Uttar Pradesh found that no fewer than two-thirds of the teachers supposedly working there were absent – and where they had turned up, some seemed to be doing no teaching. (See 'Survey of India', *The Economist*, 22 February 1997, p. 18.) It should be noted that the survey referenced in *The Economist* was informal and not as systematic as the PROBE and DPEP studies.
10. Cited from 'We Are Broke', *India Today*, 14 February 2000, p. 38.
11. Address to the Nation by Shri K.R. Narayanan, President of India, on the Occasion of Our Independence Day, 15 August 1997.
12. In addition to these states, the Bank is also engaged in several others. Analytical work on these topics has been completed or is under way in Maharashtra, Orissa, Rajasthan, and Bihar. Other donors also support reforming states. The Asian Development Bank is active in Gujarat, Madhya Pradesh, and Kerala. UK's Department for International Development (DFID) is active in Andhra Pradesh, Madhya Pradesh, Orissa, and West Bengal.
13. The life expectancy of UP citizens is only 56.8 years, as opposed to an India-wide average of 60.3; the literacy rate is 41.6 per cent as opposed to 52.2; the infant mortality rate is 85 as opposed to 71 per 1,000 live births; and primary school enrolment is 62 per cent as opposed to 90 per cent for the country as a whole.
14. Cited from 'Transfers Demoralize UP's Bureaucracy', *The Times of India*, 30 May 2000.
15. In certain departments, such as public works, much of the expenditure for operations and maintenance goes to pay salaries.
16. These figures are from T.N. Dhar, *2000 and Beyond: Challenges of Governance in India*, Lucknow: Indian Institute of Public Administration, 1999, pp. 104-05.
17. This discussion is taken from Dhar, pp. 104-05.
18. Rukmini Parthasarthy, 'The Best States to Invest in', *Business Today*, 22 December 1999.
19. Aims Research Pvt. Ltd., *Perceptions and Experience of Corruption in U.P.* (unpublished).
20. UP never existed as an integrated political entity prior to the British Raj and did not receive its present name, Uttar Pradesh, until two and half years after Indian independence. In the wake of the Sepoy Mutiny, it was first the North Western Provinces of Agra and Avadh and was subsequently renamed the United Provinces of Agra and Avadh in 1902. This name was eventually shortened to the United Provinces in 1937.
21. Some commentators argue that political parties themselves often suffer from excessive centralization, factional divisions, limited internal democracy, and low levels of discipline, making it difficult for them to break away from narrow sectarian bases and appeal to a broader constituency. See Sudha Pai, 'Electoral Identity Politics in Uttar Pradesh', *Economic and Political Weekly*, 6 April 2002.

22. See Chapter 28, 'People Centered, Growth-oriented Governance', in *Vision 2020*, Hyderabad: Government of Andhra Pradesh, 1999.
23. The CARD programme represents a successful effort to utilize information technology to re-engineer business processes and improve the speed of service delivery. However, because it involved grafting new IT systems and procedures upon an ancient and venerable department without other reforms, it has not reaped the full efficiency and service delivery gains that are possible. Both corruption and the use of 'fixers' remain a problem, particularly in rural areas. E-Seva has operated on an innovative public-private partnership model and has been much more effective.
24. For an interesting discussion of Naidu's reforms, see Ch. S. Madhava Rao, *N. Chandrababu Naidu and Public Sector Reforms in Andhra Pradesh: A Case Study of Reform from Above*, a case study produced by the Dr MCR-HRD Institute of the GoAP (unpublished: Hyderabad, 2001).
25. The 'Six-Point Formula', embodied in the thirty-second Amendment to the Indian Constitution in 1973, is intended to assuage the concerns of the interior Telangana heartland that civil service jobs would not be lost to inhabitants of the coastal Andhra and Godavari valley regions.
26. The Government of Karnataka has embarked upon several exercises to restrain staff growth, including very limited recruitment throughout the nineties. As of FY2000-01, salaries and pensions constituted only about 51 per cent of own-source revenues.
27. The Government of Karnataka has taken a number of additional measures to address the problem of transfers, including announcing a general ban on transfers in FY 2001-02. It has also moved to require that transfers be authorized by cadre management committees staffed primarily by civil servants, and to put in place minimum tenures for various categories of posts. See the chapter in this book by Vikram K. Chand for more on this issue.
28. During the last three years, UP has experienced four chief ministers and a period of presidential rule; Karnataka has had two chief ministers; whereas AP has had only one.
29. Nick Manning and Neil Parison, *Building on Strengths: Lessons from Comparative Public Administration Reforms*, Washington DC: World Bank, unpublished draft, April 2002, p. 18.
30. Cited from *India Today*, 5 February 2001, p. 21.
31. World Bank work in a number of states has indicated that often 3 to 4 per cent of the civil service is recruited through compassionate grounds – a practice that appears to be unique to South Asia. While there is clearly a need for adequate survivor benefits, compassionate employment is an inappropriate means of providing for widows and orphans for all of the reasons outlined above.
32. Nicolo Machiavelli, *Discourses on the First Ten Books of Titus Livius*, I.ix.
33. *Report of the Fifth Central Pay Commission*, Volume I, January 1997, p. 106.