

# Part II

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## *Public Services Management*

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*For the king.*

*... In the happiness of his subjects lies his happiness: in their welfare his welfare: whatever pleases himself he shall not consider as good. but whatever pleases his subjects he shall consider as good*

*Kautilya*

# *Section I*

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## *Role of Public Services*

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## Scope of Study

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### TERMS OF REFERENCE

2.1 There is a conscious departure from the past as far as the Terms of Reference of this Commission are concerned. We have been asked :

"to examine the work methods and work environment as also the variety of allowances and benefits in kind that are presently available to the aforementioned categories in addition to pay and to suggest rationalisation and simplification thereof with a view to promoting efficiency in administration, reducing redundant paperwork and optimising the size of the Government machinery."

*Administrative  
Reforms  
Commission*

2.2 This enlarges considerably the scope of this Commission. Although it would possibly be an exaggeration to call it an Administrative Reforms Commission, as was stated by a national newspaper, it brings under our purview certain significant issues of public service management which we may not otherwise have dealt with at length. We welcome this opportunity to express our views on the general policy which the Government ought to pursue in the area of civil service reform.

### APPROACH OF STAFF SIDE

*Supportive  
role*

2.3 The staff side of the National JCM have not been averse to this part of our charter. They have repeatedly asserted their commitment to a new style of governance in this country and pledged their support to any reformist ideas that we may espouse. They had only two caveats : the consideration of such issues should be taken up after the main report on pay scales and allowances was submitted and

they be consulted on the contents of the reform package. The Commission, however, felt that we should present a single final report containing all our recommendations, especially as there is an inextricable linkage between the quality and quantity of manpower, the resultant quality, utility and cost effectiveness of public administration and the corresponding compensation package. The pay scale & allowances cannot simply be determined without reference to the organisation and size of the Government machinery.

*Consultancy  
reports*

2.4 It must be admitted at the outset that the time at our disposal was not enough to delve deeply into the controversial areas of public service management. However, we tried to enlarge our horizons by resorting to consultancies on such diverse subjects as the 'emerging scenario of governance in the 21st century', 'restructuring of organizations', 'optimisation of manpower' etc.

*Visit to  
Commonwealth  
countries*

2.5 We also tried to analyze the measures taken by some Commonwealth countries which have attracted wide attention. The Commission paid a brief visit to Malaysia, New Zealand, Canada and the U.K. which have undertaken wide ranging & successful reforms in public administration. We had fruitful interaction with the people who were involved with the new systems.

### EXPERIENCE OF CIVIL SERVICE REFORMS IN OTHER COUNTRIES

*U.K.*

2.6 In the United Kingdom, the effort started in 1979 when it was realized that the country was excessively bureaucratized and regulated. At first, Efficiency Units were created in the Prime Minister's Office. Scrutiny Exercises revealed several flaws in the civil service, which were sought to be remedied through the Financial Management Initiative. Government departments were allowed to manage their own budgets and managers made personally accountable for results. Then came the Next Steps Study, which resulted in the creation of Executive Agencies. In 1991, the Government launched the Citizens Charter, a ten year programme designed to raise the standards of public service. Privatisation has been a key strategy in order to promote fair competition between the public and private sector and give the best value for money to the taxpayer and the user of public services.

*New Zealand*

2.7 New Zealand also kicked off its reforms process by corporatisation and privatisation. Many government enterprises were sold off into private ownership. More than that, the principles of private sector organisation, efficiency and market competition were applied in the public sector. A new system of financial management was put in place to give individual departments greater autonomy in the management of their resources. Ministers now enter into contracts with departmental chief executives, specifying the desired output and the price that will be paid. Chief Executives are on five-year contracts. They in turn have full powers to hire and fire their staff and to fix their salaries which are wholly related to performance.



2.8 In Canada, the renewal of the federal public service was initiated in 1989. The key theme of the reform process is to provide high quality service and increased client satisfaction. The public service has to become more engaged, more open, more visible and more consultative. It must invest more heavily in the development of people and simultaneously reduce the burden of internal controls. An inter-departmental quality network has been established and service standards prescribed. Greater powers have been delegated to departments through the establishment of operating budgets and increased fiscal year-end flexibility. New information technology has also been used to provide improved service at reduced cost.

2.9 Malaysia has also travelled in the same direction through the downsizing of the public sector through privatisation, the introduction of the Malaysian Incorporated concept and the inculcation of positive values and work ethics. The public service has adopted the concept of Total Quality Management which has paved the way for the creation of customer-focused organisations capable of delivering quality outputs and services to customers in a time bound fashion. Towards this end, Government has adopted the clients' charter which envisaged a written commitment by its agencies to meet prescribed standards. Systemic changes were introduced in the budgeting and accounting areas to permit managers to achieve optimal utilisation of resources. The New Remuneration System created a work culture that emphasized performance, quality and productivity.

## LESSONS

2.10 There are several lessons that we can draw from the experience of other countries in this general area :

- **Civil service reforms have been identified as a critical concern in the quest for rapid economic progress, both in developed and developing countries**
- **the reform process has sought to define and concentrate on the core duties of Government and to ensure that non-core functions be offloaded on to the non-governmental sector**
- **this has involved right-sizing of the Government and reduction in its flab**
- **many functions have consequently been privatised fully or partially, corporatised or given out on contract**

- there has been **re-engineering of the Governmental set up** to make it functional, efficient, productive, cost-effective and service-oriented
  - **standards of performance have been published** by individual organisations and been adhered to strictly
  - **greater transparency** has been imparted to the functioning of Government departments
  - government **employees are being held accountable** for their actions; and various methods of reward and punishment related to their performance are being devised
- there is **greater emphasis on productivity, quality, courtesy and customer satisfaction.**

## THE INDIAN EXPERIENCE

### *Historical review*

2.11 It is not that India has not taken initiatives in the field of administrative reforms. We have had the Secretariat Reorganisation Committee headed by Girija Shankar Bajpai (1947), the Report on Reorganisation of the Machinery of Government by N Gopalaswami Ayyangar (1949), the Gorwala Committee Report (1951), the Appleby Reports (1953 and 1956), the Administrative Reforms Commission Report (1966), and the series of reports submitted by the Economic Administrative Reforms Commission (1981 -84) headed by Shri L.K.Jha. Consequently, an organisation and Methods Division was set up in the Cabinet Secretariat in 1954 and this has flowered into the present Department of Administrative Reforms. New systems of secretariat working were introduced, performance budgeting was adopted by all developmental ministries, there was wide delegation of administrative and financial powers, several initiatives were taken to professionalize the public sector operations and attempts were made to create system of on-line monitoring of performance in government.

### *Recent initiatives*

2.12 Certain initiatives of the last twenty years have further accelerated our march on the path of progress. We have gone through a telecommunication revolution, our skies have been freed both for aeroplane flights and television channels, information technology have spread far & wide in the Government, taxation systems have been reformed, procedures for industrial licensing transformed, NRIs and foreign investors facilitated, shares of public sector enterprises disinvested and rate of growth of exports multiplied manifold. The New Economic Policy of the last five years has yielded positive results and the economy appears to have become buoyant.

### *Initiating a debate*

2.13 It must be conceded, however, that **structural and organisational reforms in the machinery of Government itself have not kept pace with the**

**other cataclysmic changes.** It is this area which ought to be addressed now with a sense of urgency. Our entire objective in drafting this part of the Report with reference to Public Service Management is to initiate a debate on this most crucial subject.

## OUR APPROACH

2.14 Our approach to the presentation of our viewpoint is as follows:

- First, we shall look generally at the future, that is the immediate future of the next 10-15 years, which is the time horizon for any Pay Commission. This will help us to understand what kind of India is in the making and what kind of governmental set up it ought to have
- Next, we shall enunciate an efficiency programme of how to redefine the goals of Government, pass on certain non-core activities to private contractors, develop partnership between Government, industry, academia and NGOs, restructure government, change the work methods and environment, bring about autonomy, transparency, productivity and equity in the system, reduce paperwork and introduce automation and information technology.
- Thirdly, we shall outline certain novel ideas on manpower development so that we attract the best talent into Government and retain it, examine new modes of recruitment, including contract employment, look at some innovative suggestions relating to training, performance appraisal, career progression, transfer policies and accountability.
- Then lastly, we shall examine the employment under the Central Government and whether the size of its work force can be controlled, look at various options of optimising the size of the Government machinery, especially in the organised services, armed forces, central police organisations, railways, posts and telecommunications, and make specific proposals for rightsizing of Government.

*A blueprint of  
action*

2.16 At the end of this Part of the Report, we would expect to have outlined a blueprint for action which, if implemented by Government, would **result**

**in a totally transformed style of governance in this country, one which will be modern , non-feudal, honest, professional and citizen-friendly.**

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## *Governance - A Futuristic Scenario*

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### LOOKING AT THE FUTURE

#### *Futurology*

3.1 Any attempt to look at the future is a hazardous exercise. Futurology involves an extrapolation of the past into the future with intelligent guesses about the likely outcome in an uncertain world. There are too many imponderables and even one cataclysmic event like a world war or disintegration of a large country can make all the guesswork redundant. There are a number of alternative futures awaiting us.

#### *SMG Report*

3.2 Fortunately, the time horizon of a pay commission is just a decade, not too long a period to indulge in a bit of inspired clairvoyance. We, therefore, commissioned the Strategic Management Group to forecast the likely scenario in the political, economic, social and other spheres upto the year 2010. They were to identify the possible changes in the character of governance and to suggest structural changes and the kind of bureaucracy required to meet effectively the emerging challenges of the 21st century. In what follows we attempt to convey the gist of their report, as modified by our own perspectives.

### SECURITY AND INTERNATIONAL ENVIRONMENT

#### *Objectives*

3.3 The primary objective in this area is to retain and strengthen the sovereignty, unity, integrity and security of the nation, contain fissiparous tendencies, turmoil and unrest at home and overt threats from across the borders, emerge as a key player at least on the Asian scene and optimise our resource utilisation.

#### *Our external security policies*

3.4 Today, the world is no longer bi-polar. In the post cold war period, with America emerging as the strongest military power, India cannot resist international pressures by playing one super power against the other. With Pakistan declaring its nuclear capability, it is imperative that we carefully re-examine the nuclear option to remove the ambiguity in our policy. We should continue to resist pressures with regard to our missile and space programmes.

Defence expenditure may also need to be beefed up to maintain our edge vis-a-vis countries which may have adventurist designs against us

3.5 If diplomacy succeeds in reducing regional tensions, one could think of rationalisation of the armed forces, with a carefully and gradually reduced manpower being balanced by acquisition of modern, sophisticated weaponry. Privatisation of maintenance and manufacturing activities, corporatisation of ordnance factories and exposing them to commercial competition, modification of the tech-to-tail ratio and progressive civilianisation can reduce the burden on the defence budget.

3.6 India's internal security will continue to witness insurgent, sub-national ethnic and terrorist movements. The main cause is internal maladministration aided by external agencies and the major threat currently lies in J&K and in the North-East. The threat from our neighbouring country amounts to a low intensity proxy war, involving the infiltration of narco-terrorism, light weapons and insurgency operations extending to various parts of India.

3.7 In our response to the threat, we have not shown any special ardour for logic and commonsense. State police forces continue to be archaic, under-trained and poorly armed. Central police organisations are burgeoning in numbers by leaps and bounds. The army, which had initially shown prudent reluctance in getting embroiled in internal security issues, has not only overcome its hesitation but is now, with the setting up of the Rashtriya Rifles, an official player.

3.8 What we need is a redefinition of our national security policy in the following terms :

- A national security council under the Prime Minister to debate and approve an overall policy
- A clear appreciation of the threat perception and a precise definition of the tasks to be performed respectively by the armed forces, the central police organisations and the state police forces
- An enhanced defence outlay, in which manpower costs decline and equipment costs increase in accordance with a predetermined plan
- A diplomatic initiative to de-escalate conflict in South Asia and increase regional cooperation
- A carefully funded scheme for improving the effectiveness of State police forces.
- Withdrawal of the armed forces from their counter-insurgency role, disbanding of the Rashtriya Rifles and a drastic reduction in the central police force levels.

## THE SOCIAL SCENE

Reduction of  
manpower in  
armed forces

Internal  
security  
threats

Our policies  
so far

Redefinition  
of policies

<i>Demographic indicators</i>	3.9	India's population today is the second highest in the world, while land area is only 2.4%. The Planning Commission have projected a population of 1082.2 million by 2000 A.D. and 1164.25 million by 2011 A.D. During the period 1981 to 1991, birth rate per thousand declined from 33.8 to 29 and the death rate from 12.1 to 9.7. The annual growth rate is 1.8%, which is likely to fall further to 1.3%. Even so, the net reproduction rate of 1 or less will be achieved by the year 2006 only in Tamil Nadu, Kerala, Karnataka, Punjab and West Bengal. This has been rendered possible by increasing the rate of female literacy and reduction in infant mortality rate. Despite Government's best efforts, total literacy would probably not be achieved before 2027 A.D.
<i>Urbanisation</i>	3.10	Simultaneously, the rate of urbanisation is also picking up fast. The percentage of urban population is expected to go up from 27.82 in 1996 to 36.57 by the end of the year 2011. The growth of cities is haphazard and results in several negative features like rise in land prices, increase in slum areas, degradation in the quality of life, especially of the urban poor.
<i>Unemployment</i>	3.11	The employment scenario is equally dismal. There is a current backlog of estimated 18.7 million unemployed and another 125 million people are likely to enter the labour market between 1996-2010. However, the rate of increase in employment opportunities during the period 1971-1991 has been a very low 2.2% per annum.
<i>Poverty</i>	3.12	There are varying estimates of people living below the poverty line and these range from 30% to 40% of the total population. The anti-poverty programmes have not been able to achieve their targets mainly due to proliferation of schemes and the absence of a proper delivery mechanism.
<i>Food security</i>	3.13	Food security of the population is a major area of concern. It has been estimated that 250 million people consume less than three-fourth of the needed calories, while another fifty five million take less than half their daily caloric requirements. The major problem here is the ineffective public distribution system which is not reaching the rural poor.
<i>Women</i>	3.14	Although the status of some women in our society has seen a remarkable upgradation, the position on an overall basis is quite unhappy. The sex ratio has declined from 972 in 1901 to 927 in 1991. The position of female literacy and nutritional and health status of women leaves much to be desired. Efforts at their political empowerment have not fructified fully.
<i>Backward groups</i>	3.15	A similar problem exists in respect of socially and economically backward groups like scheduled castes, scheduled tribes and other backward classes. Sustained efforts have resulted in an enhancement of the literacy rate to 37.41% for the scheduled castes and 29.60% for the scheduled tribes. Reservation of seats in the Parliament, legislative assemblies, panchayati raj institutions, educational establishments and for employment in the government and the public sector have improved their status. Socially, this has had two kinds of fall-out. In certain States, there is a climate of tension between the members of forward and backward communities to the extent of becoming a law and order problem. It is also widely felt that the facilities extended to these disadvantaged sections of society have been cornered by a few influential families.

- 3.16 In this context, the following agenda for action may have to emerge
- **Programmes aimed at halting the demographic explosion**, removing illiteracy, reducing infant mortality and poverty from this country will have to be extremely high on the agenda for the Central Government.
  - **The quality of management of the social services sector**, especially in basic health and primary education in Government has to be drastically improved.
  - There will have to be **special schemes for an orderly transition to a highly urbanised society**, with particular reference to the problems of the urban poor.
  - The existing **Public Distribution System** will have to be overhauled so that it becomes an effective conduit for supplying rations at reasonable prices to the rural poor.
  - The entire paraphernalia that sustains the phenomenon of **male dominance in society** will need to be disbanded.
  - An attempt will have to be made to **move gradually from a reservation-centred approach to an enhanced opportunity approach**, for the upliftment of members of disadvantaged castes, tribes and communities.

### THE ECONOMIC SITUATION

3.17 During the eighties, the Indian economy moved away from the Hindu rate of growth of the preceding two decades and achieved an average growth rate of 5.23% per annum. However, the explosive growth in government spending resulting in negative savings of the Government administration and failure of the public sector to generate investible resources led to a macro-economic crisis towards the end of the decade.

3.18 A new economic policy was announced in July, 1991 which envisaged a roll-back of the State and placing a greater reliance on market-friendly policies. In the field of industrial policy, licensing was abolished for most of the industries, the number of items reserved for the public sector was reduced to six and the MRTP Act was amended. The National Mineral Policy (1993) dereserved thirteen minerals for exploitation by the private sector, while the National Telecom Policy (1994) allowed private participation in basic telecom services. The Air Corporation Act, 1994 enabled private air taxi companies to operate regular domestic services. The National Highways Act was amended to enable levy of toll on users of national highways.

3.19 There were sporadic attempts at disinvestment in public sector enterprises, but these got embroiled in controversies, culminating finally in the setting up of the Disinvestment Commission (1996). It is increasingly felt that in



capital intensive infrastructural sectors like energy, telecommunications, roads, ports, etc. the shortfalls in investment are so large that a massive infusion of private investment is a must. The public sector will also have to supplement the private effort in some of these areas but its main accent may have to shift towards the provision of social services like education, health, nutrition etc.

<i>Per capita income</i>	3.20	On an overall basis, it has been estimated that if there is a 6% growth in GDP, per capita income can be raised 2.4 times by the year 2010 and the percentage of people below the poverty line can be brought below 20%. If there is an investment rate of 30% and a growth rate of 7-8% over the next 10-15 years, per capita income can be trebled and the demographic threat kept under check.
<i>Employment</i>	3.21	Employment generation has been considerably lower than the target of 2.6% to 2.8%. This necessitates a major policy initiative.
<i>Budgetary deficit</i>	3.22	It has been accepted that the main reason for the macro-economic crisis was the growth of public spending through the eighties as a result of which fiscal deficit as a proportion of GDP rose from 6.4% to 9%. The yawning gap between revenue receipts and revenue expenditure was met by deficit financing and the raising of internal and external debt. Attempts to curtail the deficit have mainly been made through reduction in capital expenditure, with consequent adverse impact on the economy. What is really needed is a cut in revenue expenditure, for which a reduction in the role and scope of government is essential.
<i>Reduction in Government</i>	3.23	The reduction in Government will have to be achieved through dismantling of the excessive controls, disinvestment in the public sector, corporatisation of departmental undertakings, privatisation and contracting out of many services that are presently being performed directly by Government. Government's role will be more in evolving the policy of governance and less in the actual governance itself. Most Government departments will have to function as facilitators rather than inhibitors of growth. New regulations will have to be evolved and enforced so as to provide a level playing field as between the public and private sector enterprises, as also between domestic and foreign companies. The administered price mechanisms will have to be replaced by mechanisms based on market-determined prices.
<i>Anti-poverty programmes</i>	3.24	A major thrust of Government initiatives will have to be in the field of poverty alleviation. Although there are a number of anti-poverty schemes in existence, a much better delivery system needs to be devised. The multiplicity of the existing programmes will have to be curbed. There is need for higher investments in the fields of primary education, basic health care, rural roads, water supply, sanitation, slum improvement etc.
<i>Economic scenario</i>	3.25	Thus the economic scenario of the next decade will most probably require the following initiatives : <ul style="list-style-type: none"> <li>- An investment rate of 30% and a rate of growth of GDP by 6 to 8%</li> <li>- An increase in employment generation by 3% every year</li> <li>- Dismantling of the permit-licence system</li> </ul>

- **Disinvestment in the public sector**
- **Corporatisation of departmental undertakings**
- **Privatization and contracting out of services**

*Residual role  
of State*

3.26 The residual role of the State will have to be confined to the following areas:

- As a facilitator of economic activity
- For development infrastructure
- As an investor in social services
- In poverty alleviation programmes.

### THE OVERALL SCENARIO

*Need for faster  
growth*

3.27 Thus when we visualize the national scene as it is likely to emerge by the year 2010, there are some discernible trends. The fundamental task is to keep the nation intact against all its enemies, internal and external. We have to fuse the different classes, castes and communities into a unified band of secular citizens. And **India has to achieve a faster rate of economic growth with the private and public sector working in tandem.**

3.28 How the Central Government would have to change in response to the new challenges is our next theme.

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# *The Changing Face of the Central Government*

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## INTRODUCTION

### *Introduction*

4.1 Having visualized the possible scenarios for the next decade, we may now look at the manner in which the role of the Central Government is likely to be altered as a result of the potential changes in the environment. Before we do that, a brief appraisal of the subtle shift in the role of Government itself would be in order.

## A MODIFIED ROLE FOR GOVERNMENT

### *Role of State*

4.2 Philosophers, economists and political scientists have often differed violently on what the role of the State should be. Adam Smith was a votary of laissez faire and Western capitalism was founded largely on the premise that the best Government is the one which governs least. The world war period saw the emergence of the Welfare State which came to be firmly established in all the western capitalist societies after the second world war. In the alternative system of economic organisation, Karl Marx called for the withering away of the State, but critics of Marxism allege that the revolution spearheaded by the proletariat led, in actual fact, to State Capitalism and totalitarian regimes.

### *Recent Changes*

4.3 Recent decades have seen a shift towards a reduced role for the Government in all countries. Thatcherism in U.K. and Reaganomics in U.S.A. tried to pull out the State from the morass of over-involvement. The decline of Communism in Eastern Europe has furthered the trend towards economic liberalisation and disinvestment in public sector enterprises. Thus it is no longer always popular to be a leftist or to advocate nationalisation as the panacea for all ills.

### *The Indian Context*

4.4 India could not have remained unaffected by these global trends. But it was really the deep economic crisis of 1991 which pushed us on to a new

path of development. Today it is the received wisdom that Government should confine itself primarily to the core functions that cannot be performed by the market. Everything else must be left to private initiative.

*Core Functions of Government*

4.5 Contemporaneously, there is no one who advocates an all-pervasive role for the Government. The attempt is to identify the core functions. **There is a fair amount of consensus that the following areas fall within the legitimate province of Government as such :**

- (i) **National security**
- (ii) **International relations**
- (iii) **Law and order**
- (iv) **Management of economy at macro level**
- (v) **Setting up of infrastructure**
- (vi) **Social services**
- (vii) **Programmes for disadvantaged sections**

*What Government should not do*

4.6 At the same time, it is recognised that there are functions currently performed by Government which ought to be given up. Direct participation in manufacturing, mining and economic services and direct control of economic activity in the private sector are two such major areas. Many countries have divested themselves of public sector enterprises which could be better run in the private sector in the areas of coal, steel, fertilizers, air, rail and road transport, tourism, hoteliering, banking, insurance, and so on. Some countries have turned to the private sector even in the traditionally super-sensitive areas of atomic energy, space and defence production. Where some activities have been retained in Government, they have been hived off into separate autonomous agencies with independence of functioning.

*State in relation to private sector*

4.7 The nature of Government regulation of economic activity has undergone a major change. Governments no longer insist on issue of licences and permits for setting up of new industrial units or expansion of existing ones. It is considered wiser to set up autonomous regulatory agencies with quasi-judicial powers, in order to ensure that the functioning of private units is regulated in the social interest.

### A NEW CHARTER FOR THE CENTRAL GOVERNMENT

*The question of jurisdiction*

4.8 In the Indian context, we have to also examine whether within the overall parameters of what the State should directly do, a particular item should be within the jurisdiction of the Central or State Governments or the third tier of Government that is now being established at the level of the urban local body or the village panchayat.

*Federalism*

4.9 When the Indian Constitution was initially framed, it was intended to be a federal polity with a unitary bias. During the period 1950-90, the unitary bias got a tremendous boost, owing to the fear that the country would otherwise be broken into fragments due to strong centrifugal forces. After 1967, when the first Sanyukta Vidhayak Dal ministries were formed in the States, right through the period 1977-1980 when the Janata Dal was in office, the opposite trend of States asking for greater powers was also set in motion. Today, when the Central

Government is itself a multi-party coalition of which some parties represent regional forces, the federal tendencies have again come into their own.

*Transfer of  
Powers to States*

4.10            There are two major decisions needed here. First, **there has to be a transfer of functions, powers and resources to the States.** This can be done according to the overall plan laid down by the Sarkaria Commission on Centre-State relations. There are decisions taken or suggestions made in meetings of the National Development Council, Chief Ministers' Conference or the conclaves of leaders of Opposition parties.

*Broad  
Parameters*

4.11            Specifically, the action would be guided by the following broad parameters :

**The Central Government would confine its activities only to the core functions mentioned in the Union List.** Even here, an attempt could be made to prune the list.

- **Some items could be shifted from the Concurrent List to the State list.** Education is one such major subject.
- **Matters which are itemized in the State List could be generally left to the States,** with the Centre only dealing with certain minimal aspects of international relations, overall legislation and coordination.
- **The list of Centrally Sponsored Schemes could be brought down sharply** to almost ten National Programmes, with the rest being transferred to the States.
- **The entire scheme of sharing of revenues as between the Union and the States could be worked out afresh,** so as to allow the State Governments to have elastic sources of revenue or a larger statutory share in Central revenue receipts.

*Self-governing  
Institutions*

4.12            Secondly, **self-governing institutions where the people themselves take over the functions of the State would have to be encouraged, sustained and nurtured.** These would include municipal bodies, panchayats, cooperatives, voluntary organisations and the like. Political and economic authority would necessarily have to be delegated to them. Politicians and bureaucrats, who have traditionally looked at these organisations with contempt or disgust, would have to willingly share power with them.

*The Centre's  
Preserve*

4.13            Whatever is then left with the Central Government as its legitimate preserve would need to be further rationalized in the following manner :

- Only matters requiring policy initiatives and overall monitoring and coordination should be retained in the Central Ministries and Departments.

- Functions that involve regulation and control of private initiatives would have to be hived off to semi-autonomous independent agencies.
- Departmental undertakings should either be closed down, privatized or be converted into public sector enterprises.
- Services that can be performed by the private sector should be contracted out, as far as possible, to that sector.

### IMPLICATIONS FOR ORGANISATIONAL STRUCTURE

#### *Changes in Structure*

**4.14** All this has wide-ranging implications for the way the Central government needs to be structured. The decisions that may require to be taken will be of the following broad types :

- (I) **Some Ministries and Departments may have to be abolished altogether or amalgamated with other Ministries and Departments.**
- (ii) **The size of a Ministry or Department may have to be reduced drastically in order to fit it for the revised role that it has to perform.**
- (iii) **The kinds of programmes and schemes that will be implemented may have to be quite different.**

#### *An Altered Role*

**4.15** In general, the Central Government will have to alter its perceived role, delegate much more to other levels of Government, transfer many of its functions to the non-governmental sector and fashion a public service that would be geared to the new tasks. It is sometimes thought that an altered role for the bureaucracy would reduce its importance. This is too simplistic an approach. It is our considered view that the public services have a critical role in the task of building up a resurgent nation. Let us now try to see what this role is likely to be

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# The Crucial Role of Public Services

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## THE PRESENT STRUCTURE

### *Structure of public services*

5.1 When we assess the present structure of public services in India, we see a certain well-defined pattern. At the Central level, the All-India Services, the Central Services and the Commissioned Officers in the armed forces provide the leadership. The Group B Services are a second rung of leadership and supervision. The Group C Services provide valuable support and the Group D Services form the auxiliary wing.

### *Recruitment*

5.2 There are certain distinguishing features of the public services. Recruitment is generally made by open competitive examinations conducted by independent bodies like the Union Public Service Commission, Subordinate Service Commissions, Service Selection Boards etc. The procedures are open, transparent and generally trouble-free. We have a high degree of fairness and objectivity in selection to the public services.

### *Constitutional powers*

5.3 The public servants are authorities under the Constitution and the law of the land. They derive their power and authority from Articles 309 to 313 of the Constitution and various Acts, Rules, Regulations and notifications, all of which have a legal sanctity. The exercise of such authority is subject to scrutiny by a number of institutions. The legality can be questioned in a court of law; the propriety can be challenged by the Comptroller and Auditor General; the contribution to public welfare can be debated in Parliament and its many Committees; the integrity aspect can be probed by various vigilance organisations, and an independent press performs a vigorous watchdog role. Thus all the institutions that are prerequisites for an independent, fair-minded, honest, devoted public service are in place.

## PUBLIC IMPRESSIONS

### *Complaints of the public*

5.4 However, if one speaks to any enlightened member of the public he has several complaints against the public services. These relate to their size, productivity, accountability, transparency and integrity.

<i>Size</i>	5.5	There is a general impression that the absolute size of the bureaucracy is overgrown beyond what is fundamentally necessary. It is often referred to as being "bloated". It is also felt that the numbers are increasing at a rapid pace, with scant regard for the work-load. People also speak of the bureaucracy being top-heavy.
<i>Productivity</i>	5.6	Not only are public servants perceived to be too many in number, it is also believed that they do not contribute to the gross domestic product. Public servants are alleged to invariably come late to office, spend a large part of the day in sipping tea, smoking and indulging in gossip, and leave office early. Consequently, productivity is said to be abysmally low, estimates of their actual working hours ranging from one to two and a half hours in a day.
<i>Accountability</i>	5.7	It is felt that bureaucrats are a law unto themselves. They hide behind mountains of paper, maintain uncalled for secrecy in their dealings with public issues, take surreptitious decisions for considerations that are not always spelt out on paper, and are accountable to no one. They have life-time contracts of service which cannot be cut short on any ground, defended as they are by the safeguards under Article 311 of the Constitution. Their misdeeds are never found out. If exposed, they take refuge behind the protective wall of collective decision-making in committees, which cannot be brought to book.
<i>Integrity</i>	5.8	The most serious charge levelled against them is that they lack integrity and honesty. This they are alleged to lack not merely in the sense that they accept money or rewards for the decisions they take as public servants in the exercise of their sovereign powers, but also in the larger sense of not maintaining a harmony between their thoughts, words and deeds. Many scams are being uncovered every day and evidence unearthed of public servants not only conniving at corruption but being the beneficiaries of the system themselves.

#### SELF-IMAGE OF THE PUBLIC SERVANTS

<i>Importance</i>	5.9	If one speaks to public servants, they have a different story to tell. They feel that their tasks have become increasingly complex and important over the years. India used to be a comparatively simpler semi-feudal society that had remained largely static and unchanged over centuries. It had been described variously as 'the continent of Circe' or 'an area of darkness'. Suddenly it has been transformed into a nation with 'a million mutinies'. The disadvantaged sections of society - women, backward classes, scheduled castes and tribes, dalits, minorities, the poor, the handicapped - have woken up to their rights. Everywhere there are struggles and these have got to be resolved peacefully, productively and meaningfully.
	5.10	The increase in the size of the work-force has not unfortunately kept pace with the workload, the bureaucrats feel. There are unnecessary hurdles on creation of posts and illogical across-the-board cuts in numbers. The result is delay, inefficiency and corruption.
<i>Salary levels</i>	5.11	The public servants feel victimized by the system which has pegged their salaries at very low levels compared to the public and private enterprises. The recent entry of multi-nationals and NRI-owned companies in the Indian market has



further dampened their enthusiasm, as they find their own next generation drawing salaries which bear no relationship at all with their own petty wages. They are also resentful of the fact that Pay Commissions are set up at intervals of decades and that there is only partial neutralisation of the rise in cost of living, which means that they are being subjected to a gradual and sustained process of impoverishment.

*Integrity*

5.12 Many public servants feel that only a small percentage of them are corrupt, but they are all tarred with the same brush. They would like Government to take strict action against such miscreants, so that the general image of the public servant is not sullied. They feel that they are actually accountable to a host of agencies and, in fact, many of them have stopped taking decisions owing to the fear that any decision taken by them is liable to be misconstrued and misinterpreted.

**A BALANCED APPRECIATION**

*Gap in perceptions*

5.13 There is a yawning chasm between the public perception of the bureaucracy and its self-image. Both views are rather exaggerated and the reality lies somewhere in the middle.

*Achievements*

5.14 **The achievements of the public services are laudable.** If we have been able to govern a country which is more of a sub-continent, with so many elements of religion, caste, community, language or region that can divide, some credit should go to the bureaucrats too. Our scientists have worked wonders in the fields of space, agricultural production, atomic energy, defence production, electronics, computer software and so on. Our engineers have built roads, highways, buildings, dams, factories and other complicated structures. Our doctors have eliminated a number of diseases and lengthened the life-span of each citizen. Our diplomats have implemented a fearless and independent foreign policy which has steered us clear of the power blocs. Our soldiers and policemen have defended the integrity of the nation. Our industrial workers have shown wonderful results in numerous fields. On the whole, India's overall progress spanning the last half a century, while sustaining a vibrant democracy, an independent judiciary and a free press, is not a mean achievement.

*Failures*

5.15 **We could have done better.** We should have loosened controls over the private sector. We should have opened out into the global market. We should have resorted to economic liberalisation. Whatever steps we have taken in the last five years could have been timed for the early eighties. Even at present, there are areas of public sector disinvestment, dismantling of tariff barriers, bringing down of rates of corporate taxation and interest rates, rightsizing of manpower, controls over industry and trade at State Government level etc. where we are still dragging our feet. **Part of the reason is the disinclination of the political executive to let go the levers of power, the unwillingness of the local industry to face global competition and the reluctance of the trade unions to come to terms with the new environment.** But the bureaucracy has also to share part of the blame.

*Size*

5.16 With regard to the size of the public services, while it is true that the numbers have risen sharply from 29.82 lakhs in 1971 to 41.82 lakhs in 1994 as far as civilian Central Government employees are concerned, **there is a visible trend towards slowing down of the annual increase, over the last 15 years.** Various

measures taken by Government are responsible for this. In fact, the only segment which has seen substantial increase in numbers in recent years is that of Central police organisations and here the reasons are known. The expenditure on pay and allowances of Central Government employees as a percentage of the total revenue expenditure of the Central Government has also come down from 33.5 in 1960-61 to 28.3 in 1970-71, 19.1 in 1980-81 and 13.6 in 1993-94. This is mostly because of the tremendous increase in the total revenue expenditure and therefore the percentage figure may not give us a realistic picture. Be that as it may, there is no doubt in our mind that there is a substantial scope for an across-the-board cut in numbers and we are making our recommendations on this aspect in a later chapter.

*Productivity*

5.17 There is no doubt that the productivity in Government is quite low. Lack of punctuality is one reason, the five-day week and the large number of holidays another. Sufficient care has not been taken in devising criteria for measurement of an employee's output. Most of the norms for creation of posts are outdated and need to be revised. There are no incentives for higher output and promotions are almost automatic. There is undue emphasis on rules and procedures, and not enough on output. Interference from political sources creates havoc in day-to-day administration.

*Accountability*

5.18 The true position about accountability is that Government employees are accountable but to the wrong people for the wrong reasons. There is accountability to vigilance, but if the paperwork has been done skilfully it is difficult to hold anyone responsible. Auditors are unfortunately more concerned with whether all the procedures have been meticulously followed. In any case, the PAC questions a remote successor about the misdeeds of his predecessors who are no longer traceable. Newspapers tend to sensationalize news, with the result that good solid work gets overlooked and silent workers never get patted on the back. What we require is on-line monitoring of performance, performance budgeting, performance audit, concurrent evaluation, continuous counselling and feedback at all levels.

*Integrity*

5.19 Integrity has never been a strong point of the bureaucracy in India and the situation has definitely worsened in recent years. The time is ripe for drastic steps to counter corruption, which has assumed cancerous proportions in the body politic.

*Salary Levels*

5.20 Salary levels in the Central Government used to be quite attractive, when compared to the private and public sectors as also the State Governments and Universities. Over the years the other sectors have gone ahead and public servants have been left way behind. Something significant needs to be done or else Government employment will soon be the last choice of bright young men and women.

<p><b>CRUCIAL SIGNIFICANCE OF PUBLIC SERVICES</b></p>
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*Critical  
Importance*

5.21 The deterioration in the calibre of Central Government employees could have been ignored if they had been unimportant cogs in the machine of governance. It has now been proved in country after country that an honest, professionally sound, contented bureaucracy is a critical element of any programme

of economic resurgence. Their importance arises from the following functions that they and only they can perform :

- **They are catalytic agents of change.** In developing countries, they are often the most educated and well qualified groups of people with a presence right up to the grassroots. They have access to information from all over the world, they have the means to implement ideas and they have the communication network to propagate their agendas for action.
- **They enforce socially beneficial regulations with reference to crucial inputs** like land, forests, minerals, energy, water, finance, manpower, training, education, health, housing and the like. They can hasten the setting up of infrastructure, speed up customs clearances and provide a boost to international trade.
- **As watchdogs, they are capable of regulating the actions of all the players and ensuring a level playing field.** They can support the good people and suppress the malefactors.
- **They provide inputs to the maintenance of the macro-economic equilibrium,** by controlling the total money supply, keeping inflation under check, preventing the dumping of goods by foreign competitors, taking steps to retain a positive balance of payments, adopting a national policy on manpower-related issues and so on.
- **They are the ones wedded to the task of defending the unity and integrity of the country** against recalcitrant neighbours and misguided internal saboteurs. They promote peace, stability and tranquillity, without which no economic, social, political or creative activity can ever flourish.

*Need for best brains*

5.22 It is thus of the utmost importance that the best brains in the country are attracted to the public services. They should not only be motivated to enter the services but also to remain there with full professionalism, motivation and devotion to duty. This necessitates a positive look at all the major parameters of their induction and retention.

<b>POINTS TO BE CONSIDERED BY THE PAY COMMISSION</b>
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*Our approach*

5.23 We have divided our approach to the problem of the public servants into four segments.

*Efficiency in administration*

5.24 In Section II of this Part, we look at the area of efficiency in administration. For this purpose we have to **establish an efficiency programme at the highest levels of Government**. The foremost task thereafter is to redefine the functional goals of each governmental organisation. There are certain services that can be contracted out to other agencies and these need to be identified. Certain areas might require a partnership between the Government and private sector.

<i>Restructuring of Government</i>	5.25	Then we look at ways and means of restructuring the Government. The work methods and work environment will need to be drastically changed. Devices like layering have to be innovated so that there is a marked increase in the productivity of Government employees. This will involve automation and reduction of paperwork. There has to be greater openness in Government's functioning, and a more broad-based autonomy and delegation of powers to lower formations. Grievance redressal has to be quick and forthright, and a responsive system of management information has to be developed.
<i>Human resource development</i>	5.26	In Section III, we discuss the various methods of human resource development. Starting with recruitment and retention, we explore the possibility of introducing some mobility between Government and other sectors. We also look at the potential of contractual employment in Government. Training is an important facet of manpower development, while we try to find out how performance appraisal can become as objective and impartial as possible. We also review the promotion policy and other methods by which motivation levels of employees can be improved. We try to develop mechanisms to ensure a greater degree of accountability and suggest some innovative steps on transfer policy.
<i>Size of Government</i>	5.27	In Section IV, we have taken up the crucial question of optimising the size of the Government machinery. We first consider the organized services and then take major departments of railways, postal and telecommunication services, central police organisations and armed forces for detailed consideration.
<i>Conclusion</i>	5.28	It is only after discussing these crucial aspects of how we can have a competent, professional, productive, motivated band of people in the employment of the Government that we move to the other major task of devising an appropriate structure of compensation packages for them. <b>We want to emphasize that our report should be taken as a single document and the inter-connectedness of the various elements of the report should be borne in mind while taking individual decisions.</b> In particular, the size of the bureaucracy has to come down drastically and the public servant has to be much more productive and accountable than he is today.

# *Section II*

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*Promoting Efficiency in Administration*

104 B

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# *Establishing an Efficiency Programme*

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## **HISTORICAL PERSPECTIVE**

*Administrative  
Reforms in India*

6.1 It cannot be said that the realisation of the critical importance of the public service to the overall development of the country is recent. There have been several attempts at administrative reforms, starting from the Secretariat Reorganisation Committee, which submitted its report in August, 1947. The Committee suggested various steps for administrative reorganisation in the context of British withdrawal from India.

*Ayyangar  
Committee*

6.2 In 1949, Gopalaswami Ayyangar submitted a Report on Reorganisation of the Machinery of Government. Besides suggesting the regrouping of Ministries, he advocated the establishment of an Organisation and Methods Division to keep a continuous watch over the performance of the administrative system and to improve the standards of efficiency therein.

*Constitution of  
India*

6.3 In 1950, the Constitution of India came into force. It was by itself a fundamental instrument of administrative reforms. It laid the ground rules guiding the relationship between the citizens and the State, and the State and the civil servants.

*Gorwala  
Committee*

6.4 In 1951, A.D. Gorwala submitted his Report on Public Administration in which he made a number of recommendations particularly with regard to introduction of Organisation and Methods procedures in Government departments.

*Appleby Reports*

6.5 Two reports which had a significant impact were Paul H. Appleby's 'Public Administration in India : Report of a Survey, 1953' and "Re-examination of India's Administrative System, 1956". As one of the outcomes of his 1953 Report, an O & M division was set up in 1954 in the Cabinet Secretariat. The attempt here was to effect improvement in paper management through manualisation and a system of inspections.

<i>Second Pay Commission</i>	6.6	The Second Pay Commission (1959) recommended the pooling of the Secretariat and the attached offices into a single headquarters organisation, as also the establishment of a Whitley Council type of machinery for negotiation and settlement of disputes
<i>Santhanam Committee</i>	6.7	In 1964, the Santhanam Committee looked into the problem of corruption. Its recommendations led to the establishment of the Central Vigilance Commission and amendment of the conduct rules.
<i>Department of Administrative Reforms</i>	6.8	In the same year, a Department of Administrative Reforms was set up in the Ministry of Home Affairs and the O & M Division transferred to it. In 1965, a Bureau of Public Enterprises was set up to provide an inhouse management consultancy agency for public enterprises.
<i>Administrative Reforms Commission</i>	6.9	In 1966, Government set up the Administrative Reforms Commission under the chairmanship of Shri Morarji Desai. From 1966 to 1970, the Commission submitted 20 reports which led to many major changes. The Department of Personnel was set up, the role of the Department of Administrative Reforms was redefined, new systems of Secretariat working including the desk officer system were introduced, performance budgeting was adopted by all developmental ministries, financial and administrative powers were delegated to the maximum extent and the Bureau of Public Enterprises was strengthened.
<i>National Police Commission</i>	6.10	The National Police Commission (1977-87) examined the role and functions of the police and modernisation of law enforcement, and suggested arrangements for preventing misuse of powers by the police.
<i>Ministry of Personnel</i>	6.11	In 1985, a full-fledged Ministry of Personnel, Public Grievances and Pensions was set up directly under the Prime Minister, and a new Ministry of Programme Implementation was established to improve the overall economic management of the country.
<i>Jha Commission</i>	6.12	The Economic Administrative Reforms Commission under L. K. Jha (1983) advocated the need to move towards accountability in the positive sense, so that greater importance was given to performance than mere adherence to rules and procedures. The concept of Management by Objectives was introduced in the form of Annual Action Plans for Ministries and Departments and Memoranda of Understanding with Public Sector Undertakings. Similarly, an on line monitoring of managerial performance in infrastructure sectors was initiated.
<i>Lessons from the Past</i>	6.13	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, organisation 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. Organisational 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 institutionalised, they often fade away with the personalities who introduced them.



## INITIATIVES TAKEN ELSEWHERE

### *International experience*

6.14 The Commission had the opportunity to peruse the excellent publications titled "Current Good Practices and New Developments in Public Service Management" brought out by the Commonwealth Secretariat in respect of different Commonwealth countries. It also had the opportunity of visiting the United Kingdom, Canada, Malaysia and New Zealand in order to have a first-hand interaction with those connected with the public service reforms. Some of the initiatives taken in other countries have been discussed in the succeeding paragraphs.

## THE UNITED KINGDOM

### *Reforms in the United Kingdom*

6.15 The U.K. Civil Service consists of over half a million people. The most notable attempt to reform the Service was the Report of the Fulton Committee, but the administrative culture still remained bureaucratic. In 1979, the Conservative Government led by Margeret Thatcher sought to reduce public expenditure in order to reduce direct taxation. The view was taken that the U.K. was over-governed and it would be in everyone's interest for Government to play a smaller role. This started the drive for Civil Service reforms.

### *Efficiency Unit*

6.16 In 1979, the Prime Minister's Efficiency Unit was created and it has typically comprised two civil servants and three seconded industrialists with a support staff of three. The Unit developed a methodology based on Scrutiny Exercises on narrowly focused and short-term studies in order to reduce expenditure and improve efficiency of a department. It is not responsible for conducting screening exercises; it is responsible for ensuring that such exercises are conducted by the departments themselves. There are twenty exercises done every year and these are stated to have produced savings of Pounds 200 to Pounds 300 million annually.

### *Financial Management Initiative*

6.17 As the exercises recorded fundamental flaws in the Civil Service's approach to management, the Financial Management Initiative was introduced in 1982. Managers in Government departments were given responsibility for managing their own budgets. Output was measured and the cost-effectiveness of their work evaluated. Each Department was required to operate within a limit for its manpower and total running costs.

### *Next Steps*

6.18 In 1988, the Next Steps study recommended that Executive Agencies should be established to carry out the executive functions of government within a policy resources framework approved by the Minister. Each Agency would be under the direction of the Chief Executive who would have freedom from day-to-day involvement of the Minister. By April, 1994, 60% of the civil servants were working in Agencies and other organisations operating on Next Steps lines.

### *Citizens' Charter*

6.19 In 1991, the Prime Minister launched the Citizens' Charter Initiative. This is a ten-year programme designed to raise the standards of public service. It has six key principles-setting standards, information and openness, choice and consultation, courtesy and helpfulness, putting things right and value for money.

6.20 The conditions that have been shown to be critical for the success of the programme are:

- sustained political commitment to change on the part of the Government and a degree of cross-party agreement on policy principles
- pressure to secure the most efficient use of resources
- pressure to reduce the number of people in the Civil Service
- opportunities for civil servants to participate in analyzing the problems that are faced
- responsibility for implementation being firmly placed with those responsible for sustaining the changes and
- programmes of staff development directly linked to the reform programme.

<b>NEW ZEALAND</b>
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6.21 In New Zealand, reforms were initiated by the Government elected in mid - 1984. Their key overall concepts were transparency and consistency, and these translated into the following organising principles for the reforms process:

- The State should not be involved in any activities that would be more efficiently and effectively performed by the community or by private businesses
- Trading enterprises would operate most efficiently and effectively if structured on the lines of private sector businesses
- Departments would operate most efficiently and effectively with clearly specified and non-conflicting functions, particularly with policy and operational functions separated, and with commercial and non-commercial functions separated
- Departmental managers would perform most effectively if made fully accountable for the efficient running of their organisations, with the minimum practicable central control of inputs
- The quality, quantity and cost of products offered by the State departments should be determined by the purchaser's requirements rather than the producer's preferences.

6.22 These principles were reflected in three important pieces of legislation:

- The State Owned Enterprises Act, 1986 which provided the basis for converting the old trading departments and corporations into businesses along private sector lines
- The State Sector Act, 1988 which made departmental chief executives fully accountable for managing their organisations efficiently and effectively
- The Public Finance Act, 1989 which changed the basis of state sector financial management from a focus on inputs to a focus on outputs (the relevance and effectiveness of actual products) and outcomes (the overall results of the outputs from the Government's point of view).

*Structural reforms*

6.23

The reforms process had four main stages as under:

- As part of the structural reform large departments were abolished and most of their functions assumed by State-owned enterprises. Many of these were subsequently sold and most of the remaining enterprises are viewed as potentially marketable. The State has almost entirely withdrawn from direct involvement in trading enterprises
- Departmental restructuring began in 1985, to rationalise the functions and shape of the core public service, and moving much of the service delivery functions to a new tier of non-departmental entities called 'crown entities'.
- In 1988, Government began a major restructuring of the education sector. Local education boards were abolished and their functions transferred to elected boards of trustees. Similarly, health authorities have been replaced by appointed regional health authorities with funding responsibilities and Crown health enterprises operating commercially as service providers.

In 1988, chief executives became individually accountable to the ministers, through limited term contracts which were performance-related. The role of the State Services Commission changed from employer of all public servants to employer of the chief executives.

*Review of the programme*

6.24

A review of the reforms programme in New Zealand shows that three aspects have been extremely successful. Transparency in the activities and processes of the State, the liberation of managers from central input controls, and the new financial management and accounting systems are revolutionising the way in which departments and officials work. New Zealand's economy has recovered, its audit rating has been regraded upwards, inflation has been reduced to less than two percent and employment has been growing steadily. The 1993 World Competitiveness Report ranked New Zealand first in quality of government and second on business community optimism.

6.25 The New Zealand experience suggests that there are seven key elements to a successful reforms process. These are:

- **unflinching political determination**
- **very clear objectives, agreed at the highest levels, and based on an intelligent appreciation of the community's tolerances**
- **a set of comprehensive and well-integrated basic principles, agreed at the highest levels**
- **sound legal architecture that re-defines the rules outright**
- **a demanding but realistic time-table**
- **a core of unified, highly motivated, experienced and imaginative senior public servants, provided with sufficient resources and discretion to manage implementation; and**
- **very effective information and public relations systems.**

## **MALAYSIA**

6.26 In Malaysia, the Government established the Development Administration Unit (DAU) as a centre for administrative reforms in 1966 and six years later the National Institute of Public Administration (INTAN) was set up to develop skills and expertise among public sector employees. The Malaysian Administrative Modernization and Management Planning Unit (MAMPU) was set up in 1977 under the Prime Minister's Department, to initiate administrative changes and innovations to the Public Service. Some of the important measures introduced during the eighties included the downsizing of the Public Service through privatization, the introduction of the Malaysian Incorporated Concept and the inculcation of positive values and work ethics. Efforts were also made to improve the quality of counter services as also to streamline systems and procedures.

6.27 In February 1991, the Prime Minister of Malaysia unveiled his Vision 2020, which states the national aspiration to attain a fully industrialised and developed nation status within the next three decades. This vision can be achieved only if there is an excellent Public Service to meet the challenges of rapid development in a constantly changing environment. The Public Service has identified seven fundamental values which are deemed necessary for this purpose. These are quality, productivity, innovativeness, discipline, integrity, accountability, and professionalism.

6.28 In November, 1989 the Government launched a nation-wide Excellent Work Culture Movement which stresses quality as the foundation for success. The Public Service adopted Total Quality Management in order to create customer-focused organisations capable of delivering quality outputs and services to customers. Agencies were advised to form Quality Control Circles as an effective mechanism to mobilise expertise, experience and employee creativity in

effective mechanism to mobilise expertise, experience and employee creativity in problem-solving. The Malaysian Incorporated Policy is based on the underlying philosophy that collaboration between Government and business is essential for accelerated national competitiveness in the global marketplace. The Government has also adopted the Clients' Charter which ensures that each Government agency provides a written commitment to its customers that goods and services will comply with declared quality standards.

*Productivity*

6.29 The Public Service places equal emphasis on productivity. The Government has identified eight critical factors which influence productivity. These are manpower, systems and procedures, organisation structure, management style, work environment, technology, materials and capital equipment. Productivity measurement and evaluation is also part of the improvement effort. Various steps have been taken to introduce better file management, work simplification, form design, office automation, information technology, etc.

6.30 The professionalism of the civil servant has been further enhanced with the introduction of the New Remuneration System. This involves major changes to the organisational structure, remuneration and reward system, and terms of service. This has resulted in creating a cadre of innovative, creative and talented employees who have readily embraced a work culture that emphasises performance, quality and productivity.

*Strategies for success*

6.31 Five main strategies have been adopted to ensure the successful implementation of administrative reforms. These include consensus building, documentation and information dissemination, training, follow-up and follow-through, and recognitions and awards. The reforms are coordinated at the highest level by the Panel on Administrative Reforms to the Civil Service which is chaired by the Chief Secretary, and acts as a think-tank and prime mover. Consensus is also built through discussions in four major permanent committees of Public Service top management comprising Secretaries General of Ministries, Heads of Services, Heads of Federal Departments, representatives of State Governments and Chief Executives of Statutory Bodies.

*Political support*

6.32 A major reason for success is the personal interest shown by the top political leadership, especially the Prime Ministers of Malaysia who have been the leading propellants of reforms.

**CANADA**

*Public Service 2000*

6.33 The starting point for the Government of Canada's journey on the road to administrative reform is the process entitled "Public Service 2000". This was mainly the effort of the federal public service itself. Although it had political interest and support, it was not closely directed and actively managed by the politicians. Thus it does not bear the imprint of a particular political agenda as in some other countries.

*Key Themes*

6.34 Public Service 2000 staked out some key themes. The Public Service must strive to provide a high quality service and increase client satisfaction. The Public Service must become more engaged, more open, more visible and more consultative. Public Service managers must create organisations in which people

more heavily in the development of its people. It must reduce the burden of internal controls so that intelligent, well-motivated managers have greater latitude to improve service quality and client satisfaction.

*Initiatives  
taken*

6.35 Among the initiatives to improve service quality is the establishment of an inter-departmental quality network and an attempt led by the Treasury to establish service standards for all departments. The reduction of central agency constraints is being addressed by increased delegation of authority for human resource management to departments, and for financial management through the mechanism of Operating Budgets and increased flexibility at the end of the fiscal year. Special Operating Agencies have been created to give service units within departments direct responsibility for results and increased managerial flexibility. Even in an era of fiscal constraint, the Government has been increasing its investment in the people who constitute the public service. A new special operating agency called Training & Development Canada has been created and the Canadian Centre for Management Development established to focus on the needs of the executive level. Employing new information technology is emerging as a key way of achieving objectives such as improving service and reducing cost.

*Future of reforms  
in Canada*

6.36 There are several reasons to believe that the process of public service reform will continue for many years. First, **there is a major economic problem that gives it urgency.** As a result of very substantial budgetary deficits in the last two decades, Canada finds itself in the uncomfortable position of being a major international debtor. Thus there is a demand for major reductions in the operating cost of the public sector. Secondly, **Canada has always been in the forefront of advances in communications technology.** The Canadian public sector will draw upon this expertise to apply leading-edge information and communication technology to the provision of public services. The final factor is the **commitment of public servants to reform.** The values that Public Service 2000 has espoused are taking root within the culture of the public service in Canada, at all levels of government.

### ESTABLISHING THE NEED

6.37 Looking at the experience elsewhere, it is apparent that there is a world-wide movement for public service reform. We have seen that their success depended initially on the firm commitment to reforms at the highest level. Such reform can come about in India only when there is an appreciation that launching an efficiency programme is critical for the socio-economic development of the country. **This realization has to come at the highest political level and nothing short of a personal commitment of the Prime Minister himself will do.** It has also to be realized that this is not a political issue. Thus a national consensus needs to be developed, cutting across party lines, so that the process of reform once initiated is not allowed to peter out merely because of a change of Government.

### DEVELOPING THE APPARATUS

6.38 Once the overall commitment is forthcoming, what is then required is an apparatus which will spearhead the reforms and constantly monitor it. For this purpose, the following steps need to be taken :

- **The Department of Administrative Reforms should become the most important Department of the Central Government. It should be headed and manned by the most brilliant and outstanding officers available in Government.**
- **It should be a separate Department headed by a senior Secretary.**
- **The Department should cease to be an adjunct of the Department of Personnel and may be placed directly under the Cabinet Secretary and the Prime Minister.**
- **There should be a Cabinet Committee on Public Service Reforms, which should meet once a month. It should consist of the Prime Minister, Finance Minister, Home Minister, Defence Minister and the Cabinet Minister incharge of Public Service Reforms. This Committee should take final decisions on proposals put forth by the Committee of Secretaries and Chief Secretaries.**
- **There should be a Committee of Secretaries on Public Service Reforms under the chairmanship of Cabinet Secretary. It should meet once or twice a month, as may be warranted, to consider specific proposals of administrative reforms.**
- **Another Committee of Chief Secretaries should meet once a quarter under the chairmanship of Cabinet Secretary to review and monitor the public service reforms in the States.**

*Approach to reforms*

6.39 With this apparatus in position, a step-by-step approach to public service reforms should be adopted as follows :

- **The Core functions of Government should first be defined**
- **The distribution of work between the three tiers of governance will have to be restated**
- **The number of Central Ministries and Departments should be reduced drastically**
- **The size and constitution of Central Ministries and Departments should be redefined in order to fit them for their newly stated roles**
- **All functions that should be performed by the State Governments and Panchayati Raj institutions may be transferred to them**
- **All functions that do not involve formulation of policy should be delegated to agencies, which may be public sector enterprises, autonomous bodies or cooperative institutions**

- **Recruitment to the different services may be reduced**
- **There should be a sound legal architecture that redefines the rules outright**
- **The Government office itself will need a heavy dose of restructuring**
- **The financial management and budgetary system will have to be totally re-written**
- **There will have to be a simplification of procedures and formulation of accountability norms in Government.**

*A time-table for action*

6.40

Above all, there is need for a demanding but realistic time-table for achieving the major objectives of the reform process. There will have to be some short-circuiting of procedures, some ruthlessness in implementation and some strategy for management of change. This will try to the utmost Government's skills in dealing with the opposition parties, the unions and associations of Government employees, the press and the general public. But if there is a basic sincerity of purpose and a strong determination at the very top, tangible results can be shown in two to three years.



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## *Re-defining Functional Goals*

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### INTRODUCTION

7.1 The efficiency programme has to start with a redefinition of the functional goals of Government. Unless the objectives of governance are made clear and specific, there will always be a tendency for expansion of the bureaucracy in accordance with the inexorable Parkinson's Law.

*Historical  
background*

7.2 There was a time when governments were instruments of political power and their main function was to maintain law and order inside their territories and to defend their boundaries against external aggression. Over time, there was an enhancement of the role under the influence of welfare, Keynesian and Marxist ideologies, till the State threatened to become an overbearing presence, exemplified by the 'Big Brother is watching you' syndrome. The last two decades have seen a reversal of the trend, mainly due to the burgeoning budgetary deficits, forcing governments of all persuasions to cut back on staff, subsidies and functions.

7.3 In India also, the same trend exhibited itself. In the fifties and sixties we were trying to find a middle way between the Soviet and the Beveridge models and this gave rise to the 'socialistic pattern'. Later, nationalisation combined with de novo establishment of public sector enterprises became the buzzword and PSUs occupied an increasingly large area of industry and commerce. The fiscal indiscipline of the eighties finally led to the ignominious crash of 1991 and to the reversal of the trend.

*Proliferation  
of departments*

7.4 Proliferation of departments is a sure index of the widening net of the Government. Against only 35 ministries and departments in 1962, we had 50 in 1972 and there are 81 ministries and departments at present. Despite the economic reforms, in 1995 we had the unedifying spectacle of five new departments being set up at the Centre. Industry, which is already fragmented into several departments, got an off-shoot with 'industrial policy and promotion' being separated out. Urban Development Ministry carved out a separate area of 'urban employment and poverty alleviation' and so did the Ministry of Rural Development branch off into 'rural employment and poverty alleviation'. A Department of

Animal Husbandry was set up in the Ministry of Agriculture and a Department of Consumer Affairs in the Ministry of Civil Supplies.

## CONCEPTS AND METHODOLOGY

*Activity  
analysis*

7.5 All this is a result of confused and woolly thinking. Instead of only looking for political slogans or how new slots can be created for ministers and secretaries, we have to start by asking ourselves the following basic questions about any particular activity :

- Does the job need to be done at all ?
- If so, does the Government have to be responsible for it ?
- If so, which level of Government ?
- If it is the Central Government, does it have to carry out the job itself ?
- If so, is the organisation properly structured for the job ?

7.6 If a Group of Three, who combine in themselves objectivity, knowledge and dynamism, look at the Central Government with the above questions in their mind, the answers will stare them in the face.

## CONSULTANCY REPORT

*Classification  
of Government  
offices*

7.7 The report of the Tata Consultancy Services have suggested a three-fold classification of Government offices, on the basis of the role performed by them. They can be Core, Participatory or Auxiliary.

**Core :** The offices under this category perform roles which are given by the Constitution, which Government has to perform at all times, which are governed by societal expectations and where the Government has exclusive responsibility to deliver social goods and services. Examples are : Atomic Energy, Science and Technology, Space, Defence, External Affairs, Finance, Forests, Home, Law, Planning and Rural Development.

**Participatory :** These cover areas where the Government has both a policy making and enforcement role but private and public sectors are allowed to participate in delivery of goods, where the Government has responsibility of ensuring a desired level of delivery of services through direct or indirect intervention in the sectoral markets and industry, and where Government has a responsibility towards production and trading of goods and services. These may include Coal, Education, Health and Family Welfare, Energy, Petroleum, Steel, Chemicals and Fertilizers, Industry, Information and Broadcasting, Railways, Surface Transport, Telecommunications, Posts, Urban Affairs and Civil Aviation.

**Auxiliary:** Here the Government has only policy making responsibility but not for delivery of goods and services, or Government may enter for regulation of markets, trade practices etc. Examples are Art and Culture, Food Processing, Sports, Tourism, Consumer Affairs, Labour, Water Resources, Wasteland Development and Textiles.

*Validity of concepts*

**7.8** The above classification is highly arbitrary and simplistic, and there is scope for endless refinement both of the definitions as well as the list of Ministries which fall under one or the other category. The main point to appreciate is the need to undertake such an exercise so as to be clear about what has to be done by the Central Government itself, where it has to regulate and participate and where it need act only as policy maker and arbitrator.

**7.9** Even within the Core category, the functional goals need to be sharpened further. Let us take defence which is definitely one of the key functions of the Central Government. We are left with a lingering impression that the threat perception as perceived by the Government as a whole after looking at the political, diplomatic, military, strategic and economic aspects has not been clearly articulated, to enable the armed forces to develop a long-term manpower policy perspective. This is a blatant example of fuzziness in our perception of functional goals. Such examples can be multiplied.

*Mission statements*

**7.10** At the level of individual organisation, what is required is a mission orientation which provides clear and understandable goals fully owned by the senior management and accepted by the operational staff. The purpose of establishing a mission orientation is to :

- clarify the goals of the organisation in the mind of the management
- clarify for staff the purpose of their jobs in meeting organisational goals
- make clear the policy of the Government to ensure that it is interpreted accurately by staff
- engender pride in belonging to the organisation
- provide targets to aim for, against which results can be assessed.

*Preconditions*

**7.11** The basic pre-conditions for this are :

- understanding customer needs
- top management commitment to goals expressed in the mission statement
- clear grasp of mission concepts by management and staff
- full explanation and training to staff

## **CONCLUSION**

7.12           A study of the experience of other countries underlines the importance of redefining functional goals, both of Government as a whole as also of each governmental organisation in particular. The concept of mission statement is an effective tool in this process and is recommended for adoption.

# Contracting out of Services and Privatisation

## INTRODUCTION

8.1 The rightsizing of Government and the structural reform of the bureaucracy can get off to a flying start if the Government decides to privatise both public sector undertakings as also departmental enterprises within a strict time-frame, while at the same time contracting out many of its own activities to the private sector.

## EXPERIENCE OF OTHER COUNTRIES

8.2 International experience suggests that the areas of privatisation and contracting out of services are very fertile and yield a rich harvest in terms of a diminished governmental presence in the life of a citizen, a reduction in the draining out of public funds in a vain endeavour to bolster sick public enterprises, improved and more cost-effective services to customers and better value for money.

*United  
Kingdom*

8.3 In the United Kingdom, the Government departments use market-testing to assess whether the services for which they are responsible can best be delivered in the public sector or the private sector. The objective is to promote fair and open competition and find the supplier of a service whose combination of price, quality and other factors offers the greatest value for money in the long term.

8.4 In general, activities which have been found to be particularly suitable for market-testing are of the following types :

- resource intensive
- relatively discrete
- specialist or support services
- subject to fluctuating work patterns
- subject to a quickly changing market

## **subject to rapidly changing technology**

8.5 The White Paper 'Competing for Quality' (1991) set out the Government's plans to achieve better value for money, in particular by opening up more public services to competition from the private sector, while making it clear that Government had no dogmatic preference for private or public provision of services.

8.6 Candidates for market-testing are identified by each department by asking the following questions :

- Is the function or activity essential ? What are the implications of not doing it? Or of doing it in a reduced or combined form elsewhere ?
- Can the activity be performed more economically by other means ?
- What is the full cost of the level of service presently provided and that which is considered necessary ?
- Is the function or activity organisationally discrete ?
- What are the working methods, organisation and use of capital assets ? What use is proposed of existing staff and assets ?

8.7 The attempt is to define the user-need for the service and to establish the cost of the existing service. A specification for the service is drawn up and this is part of the invitation to tender. The providers of the current service are encouraged to submit an in-house bid. Eventually, the line management decides on whether the service should be retained in-house or contracted out.

### ***New Zealand***

8.8 In New Zealand, the mechanism developed to facilitate the divestiture of the state trading agencies was the State Owned Enterprises Act of 1986. The process of economic liberalisation led to a major restructuring of the public sector, first through corporatisation and in many instances subsequently through privatisation. Government owned enterprises in fields such as banking, forestry, insurance, transport, communications and broadcasting were transformed into corporate entities and were later fully privatised.

8.9 The move to corporatise organisations was consistent with the Government objective to open up many sectors of the economy to internal and external competition. State-owned enterprises were now statutorily required to operate as successful commercial business and emulate the efficiency and profitability of their private sector counterparts. If Government wanted such an enterprise to provide a non-commercial service, it had to contract to do so. These enterprises were expected to fund their spending from unsubsidized private sector capital sources and to pay taxes and dividends.

8.10 For the privatisation process, no standard formula was applied. A range of routes and methods was adopted, depending on conditions in the market place, fiscal considerations and political factors. They tended to follow two routes:

- an equity route where shares were sold in clearly defined commercial organisations
- an asset route that entailed selling of assets because of the less commercial nature of the organisation.

8.11 The process of privatisation proved more controversial than corporatisation. Particularly in the initial years, mistakes were made in privatisation before the Government and the public service gained experience. In the privatisation of assets, as long as safeguards were installed, there was no restriction on foreign ownership. Although most of the large scale privatisations involving organisations such as Telecom, New Zealand Rail and Air New Zealand have been completed, privatisation is an ongoing process.

#### *Malaysia*

8.12 The privatisation policy of Malaysia has been introduced in order to relieve the administrative and financial burden of Government and to improve efficiency and productivity. It was first announced in 1983 and the first stage consisted of dissemination of information to the public. Guidelines on privatisation were published in 1985 and the Privatisation Master Plan was launched in 1991.

8.13 The privatisation programme can be implemented in a number of ways These are :

- **sale of Government assets or equity or sale of Government companies' equity, whether in part or whole**
- **lease of assets for a specified time period**
- **management contract** which uses management expertise of the private sector to manage Government entities
- **Build-Operate-Transfer or Build-Own-Operate systems**, generally used for new infrastructure projects and public facilities. Under this method, the public facility is built by the private sector using their own finances and is run by them during the period of concession, at the end of which it is surrendered back to the Government

8.14 The planning of privatisation is done in the Economic Planning Unit of the Prime Minister's Department and involves the identification of privatisation candidates. In-depth studies are undertaken and these lead to two-year rolling action-plans. An interdepartmental committee on privatisation discusses the plan and, after the approval of the government, evaluates the various possible modes of privatisation.

8.15 These are Government-initiated privatisation projects and therefore subject to competitive bidding. But there are also private sector-initiated proposals which are evaluated and if found to be acceptable, an award is made by the ministry concerned. Further, the private sector is allowed to initiate projects not yet identified by Government, provided that their proposals contain unique features by

offering a unique solution to an economic problem or by using the exclusive patent rights or technical know-how of a particular party.

8.16 The efforts at privatisation have been very successful, as they have not only reduced the administrative and financial burden of the Government but also enhanced the efficiency and productivity of the privatised entities. In Malaysia, therefore, the implementation of the privatisation programme will continue to be accelerated.

### **POLICY PERSPECTIVE FOR INDIA**

8.17 In the light of the international experience as also the peculiar genius of Indian institutions, a comprehensive policy perspective for corporatisation, privatisation and contracting out of services needs to be drawn up. Some sporadic efforts have been made by individual departments but there has been no conscious policy thrust initiated and monitored at the highest levels of Government. The general parameters of such a policy perspective could be the following :

a) **Corporatisation :**

No activity which involves manufacturing of goods or the provision of commercial services should be undertaken by a Government department. All such activities should be transferred to existing public sector undertakings or new PSUs be set up to look after them. Outstanding examples are ordnance factories in the Ministry of Defence, mints, currency presses and opium factories in the Ministry of Finance, rail coach factories in the Ministry of Railways, telecom factories in the Department of Telecommunications etc.

Corporatisation could also be a necessary half-way house on the road to privatisation. There are certain advantages of privatisation which can be achieved through corporatisation, and corporatisation is always less controversial than privatisation.

b) **Privatisation of activities where Government does not need to play a direct role**

There are a number of areas where Government, either directly or through its PSUs, has been compelled to play a role. If an objective and dispassionate review reveals that such a role is unwarranted, Government should take expeditious steps to disentangle itself from the same.

Examples of such areas abound. The National Textile Corporation need not be a PSU. The clothing and vehicle factories in the Ordnance Factories Board can be privatised with advantage. All printing presses, dairy and other farms of the Ministry of Defence, Telecom Factories, Delhi Milk Scheme, Mail Motor Service, sale of postal stationery, stamps and



postal orders. Song and Drama Division of the Ministry of Information and Broadcasting etc. are outstanding candidates for privatisation.

c) **Activities which should continue to be the exclusive responsibility of the Government**

There are activities like defence, atomic energy, space, development of railway infrastructure, provision of security to sensitive installations and so on which have to be the monopoly of the Government. These should continue to be so. All we can do is to explore possibilities of linking the private sector as a source of raw materials, components, sub-assemblies and even some non-sensitive finished products.

d) **Areas which should retain the mixed economy concept, but with greater competition**

We should identify clearly those areas of the economy where for reasons of public welfare it is not desirable either to keep them exclusively in the public sector or in the private sector. The private sector should play an increasingly active role in these areas, but there should be a substantial presence of the public sector so as to ensure that quality services are provided at reasonable rates to members of the public.

Such areas would include road, rail and air transport, telecommunication services, banking, insurance, power, medical and educational services, courier services, construction and maintenance of defence aircraft, ships, tanks and other equipment, production of blank coins for mints etc.

e) **Contracting out of services**

There is a widening area of services which are currently being performed in-house in the Government, but which can be conveniently outsourced to the private sector.

These may include designing, construction and maintenance of Government buildings, factories, workshops, residential colonies, railway stations, equipment and transport, cleanliness, sanitation and housekeeping, maintenance of monuments, lawns and gardens, catering (including catering in airlines, trains, canteens), provision of transportation services (to replace the fleet of staff cars), postal deliveries, carriage of mail, security of all non-sensitive buildings and installations, reservations in railways and airlines, printing, reprography, photography, audio-visual publicity, translation, interpretation, computer-related services, maintenance of accounts etc.

*Routes for  
privatisation*

8.18 As far as privatisation is concerned, this can also take a variety of routes as in other countries -

There could be straight disinvestment of Government equity in public sector enterprises

- Lease of assets could be tried out
- In certain areas, management contracts could be given to private companies
- There could be private participation for improvement of a public service
- We may also try out the Build-Operate-Transfer kind of schemes, so that the assets revert to the Government after the private company has realised its investment

### INITIATIVES ALREADY TAKEN IN INDIA

8.19 Several initiatives have been taken in the wake of the recent economic reforms. Some of these are :

- (i) The Build-Own-Lease-Transfer (BOLT) scheme has been launched by the railways in order to attract private finance in railway projects on leasing terms. At the end of the lease period assets are transferred to the Railways on a nominal payment. Efforts are being made to attract private capital for manufacture of rolling stock, gauge conversion, doublings, electrification, telecommunication etc.
- (ii) An Own Your Wagon scheme has also been initiated for investment by rail users in acquisition of wagons by the Railways in return for assured allotment of wagons and lease charges to be paid by the Railways.
- (iii) Maintenance of railway stations and colonies are being tried out for privatisation.
- (iv) All future catering in trains is being sourced out to private contractors.
- (v) Printing of postal stationery has been partly privatised.
- (vi) A scheme of Licensed Postal Agencies existed upto the late eighties but there were complaints of misuse of authorisation and opposition from the Staff Federations.
- (vii) Carriage of mail through private and public transporters has been successfully undertaken for several decades in rural and semi-urban areas.
- (viii) In the Department of Telecom, value added services and cellular phone sector has already been privatised fully.
- (ix) Several departments have contracted out sanitation, maintenance, security, computer, reprography, canteen and transport services.

- (x) Some military dairy farms have been closed down.
- (xi) MES contracts out its building works and has started giving out maintenance work also to private contractors.
- (xii) Several ordnance factories are buying components from the private sector.

*Disinvestment  
Commission.*

8.20 Some progress has also been made in respect of disinvestment of Government equity in PSUs. Disinvestment was first conceived primarily as a method for reducing the fiscal deficit, but it got bogged down in controversies. Recently, the Government has set up a Public Sector Disinvestment Commission which is expected to suggest a comprehensive overall long-term disinvestment programme for about forty PSUs referred to it by the Core Group. It will prioritise the PSUs in terms of the overall disinvestment programme, recommend the preferred mode of disinvestment (domestic capital market/international capital market/ auction/private sale to identified investors/ any other mode), suggest the appropriate mix between primary and secondary disinvestments, advise Government on possible capital restructuring of the enterprises etc.

8.21 Present trends indicate that Government may concentrate, in the short run, on reforming the PSUs by grant of greater autonomy and flexibility, greater delegation of powers, introduction of greater accountability by means of performance-related pay and a system of hire and fire and other similar measures. The issue of transfer of ownership of these enterprises may get deferred.

8.22 Whatever the shape disinvestment may take, observers feel that it would be good for consumers as the Government will relax such controls on private enterprises as had been imposed in order to protect the public sector enterprises from competition.

<b>CONCLUSION</b>
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*Role of trade  
unions*

8.23 It will be apparent from the above discussion that although some steps have been taken towards corporatisation, privatisation and contracting out of services in India, these have been ad hoc, unsystematic and halting. What is required is a clear and comprehensive policy in this crucial area, so as to progressively reduce the role of the public sector in the industrial and commercial activity of the nation. There are bound to be hurdles on the way. The main opposition will come from the trade unions and associations. They will have to be handled with care and circumspection. There may be a need for a new policy on the formation of trade unions, on the pattern of what has been attempted in other countries. Workers will also have to understand that in the perspective of globalisation, we have to compete or perish.

*Need for  
transparency*

8.24 The other problem would be to keep the process of disinvestment and privatisation as transparent as possible, so as to obviate the criticism of partisanship and malfeasance. Even in advanced countries these have attracted virulent controversies and India can be no exception.

8.25            Lastly, we have to keep the public interest paramount in our minds. Privatisation should not become a fad, as nationalisation had become at one stage. We should choose the private sector, the public sector or a mix of the two, according to the nature of the commodity or service to be produced and the only touchstone should be that the ultimate customer should get the best value for his money on a long-term basis in as competitive a market as is humanly possible.

# Restructuring the Government

## INTRODUCTION

*Reinventing the Government*

9.1 The entire machinery of Government has got to be reinvented. This is a mammoth task. It is not possible for us to go into the details of the restructuring exercise that such a reinvention would entail. In this chapter, we would like to take up the Ministries of the Central Government as an example and demonstrate how the restructuring could help.

*Expansion in the bureaucracy*

9.2 We had 8 posts of Secretaries, 18 departments and a total workforce of 14.40 lakhs in 1948. Today, we have 92 Secretaries, 79 departments and a workforce of more than 41 lakhs. No doubt, the work has expanded, but the expansion of the Government is disproportionate to the increase of workload.

*Earlier attempts at restructuring*

9.3 There have been many attempts at reforming the Central Government. Some of these are :

- setting up of Organisation and Methods Divisions in the Ministries.
- setting up of a Department of Administrative Reforms
- setting up of a Department of Personnel, Public Grievances and Pensions
- setting up of Staff Inspection Unit
- introduction of Desk Officer system
- introduction of Financial Adviser system
- introduction of Annual Action Plans
- introduction of Performance Budgeting

## CONSULTANCY STUDIES

- 9.4                    We had awarded two studies on restructuring of the Government to IIT, Delhi and Tata Consultancy Services.
- IIT, Delhi*            9.5                    The IIT, Delhi identified the major objective of restructuring to be goal achievement and service orientation, through flexibility and efficiency. The restructuring options involved interventions at the level of situation, action and process. At the level of situation, the physical environment, the operating environment and the socio-cultural environment was to be changed. At the actor level, both systemic and attitudinal changes were required. At the process level, the interventions related to operational processes and strategic processes.
- Interventions suggested*    9.6                    For Phase I, the interventions found feasible at situation level were : conducive physical working conditions; openness to environment; federalism; delayering; and decision-oriented system. At the actor level these were: training for multi-skilling; involvement in clarifying goals and objectives; quality and work consciousness; sense of dignity and individuality; promoting self-help; and receptivity to technology-based solutions. Process level options identified were: simplifying system of checks and balances; horizontal communication processes; minimal and appropriate reporting and documentation; upward feedback processes; privatized support services; reorienting strategically to liberalize; shedding functions to affiliated autonomous bodies; installing learning processes; reengineering work flows and continuous change in work processes.
- The office of the future*        9.7                    The findings of the study point towards a decision-oriented, facilitative, flatter, flexible, Information Technology supported, participative and elegant Government office effectively achieving goals with service and client orientation.
- TCS Study*            9.8                    The TCS categorized various Government offices into three broad types - Core, Participatory and Auxiliary. Based on the decision-making matrices in these offices, the study concluded that one of the major changes in the organisational structure was to reduce the levels in the hierarchy from nine to seven. A flatter hierarchy would ensure speedy decision-making and be able to respond quickly to the demands of the environment.
- 9.9.                    The levels proposed were :
- Chief Executive
  - Senior Executive
  - Middle Executive
  - Junior Executive
  - Supervisory
  - Assistant
  - Support/attendant
- Grades and levels*    9.10                    Eighteen grades were proposed in these seven levels. The grades within a level would only be for promotional purposes and not form a hierarchy for reporting. The promotional channels were increased to provide

career growth for the employees. Thus the hierarchial levels were delinked from promotional grades

*Decision-making  
more important*

9.11 The study laid emphasis on decision-makers rather than on assistants. It proposed that each section within a department should have just one Assistant - level position. Decisions should be hastened, and files and papers should be disposed of at the level to which they were addressed.

*Utilisation of  
redundant staff*

9.12 The support staff that would be rendered redundant could be utilised in the following manner:

- by training them in computer applications so that Government departments could redeploy them in those functions
- by transferring them to new activities or projects, after giving them adequate training in the new skills.

*Three fold  
restructuring*

9.13 The TCS study considered restructuring in three streams. The first was organisational structure. The second was a comprehensive human resource development system to achieve greater efficiency, responsiveness and productivity, and to bring in sustainability in the organisation. The third concentrated on the two major office systems - record management and dak system, office equipment, information technology and work environment.

9.14 In this chapter, we shall concentrate on the first stream viz. organisational restructuring in the context of the Ministries and Departments of the Central Government.

## OUR PROPOSALS

*The three basic  
questions*

9.15 The first exercise we must have is to survey the entire gamut of Governmental functioning and ask the three usual basic questions :

- Does this need to be done ?
- Does this need to be done in Government ?
- Does this need to be in the Central Government?

*Things that need  
not be done*

9.16 The answers to these questions, if attempted in an objective and dispassionate manner, will show that some activities need not be undertaken at all. For example, we do not need the large and expensive memorials which have taken up so much of prime land and building space besides involving heavy recurring expenditure. The moment we identify this as an activity that should be stopped forthwith, a number of action points emerge.

*Things that need  
not be done by  
Government*

9.17 In the second category, we may conclude that bread, milk or condoms need not be manufactured in Government. In the third category, we may decide that 90% of our effort in education, health, agriculture, law and order etc. should be with the State Governments. Our honest replies to the basic questions will show us the areas in which restructuring can yield rich dividends.

<i>Number of Ministries</i>	<p>9.18 One of the basic objectives of restructuring is reduction of staff. It is best to begin with the topmost category of Secretary. There is a general feeling that we have too many Secretaries to the Government of India. Health is a State subject. Do we really need three Secretaries in the Ministry of Health, looking after Health, Family Welfare and Indian System of Medicine ? We would like to recommend that there should be just one Secretary for the whole Ministry.</p>
<i>Ministry of Industry</i>	<p>9.19 Similarly, industry is a State subject. We have separate departments of Industrial Policy and Promotion, Industrial Development, Public Enterprises, Heavy Industry, Small Scale Industries, Agro and Rural Industries and Textiles. With the reduced emphasis on licensing, one Secretary could look after all these subjects in a single Ministry.</p>
<i>Suggestions on merger of departments</i>	<p>9.20 Similarly, it does not seem necessary to deploy a Secretary each for Animal Husbandry, Inter State Council, Official Language, Programme Implementation and the like. We have appended a small list at Annexe 9.1, suggesting some realignments of departments.</p>
<i>Size of a Ministry</i>	<p>9.21 The most major restructuring effort would be in determining the size of a Department or Ministry. The general formula that we would like to suggest in this regard is the following :</p> <ul style="list-style-type: none"> <li>- If it is a Core Central subject, we may not take it up in the beginning</li> <li>- if it is a Core State subject, it cannot be a Core Central subject too. In that case it should be high on the list of Ministries to be reduced in size</li> <li>- as we move away from Core subjects to Participatory or Auxiliary subjects, the need for sizeable Ministries becomes more and more questionable. Such Ministries should be axed first of all.</li> </ul>
<i>Organisations attached to Ministries</i>	<p>9.22 Ministries have certain organisations or activities which may either be an integral part of the Ministry, or an attached or subordinate office. Very often, such organisations have no business to be in Government. They would be much better managed if they were in the public sector, the cooperative sector or as an autonomous body. Just one example of each type will suffice to clarify the point being made :</p> <ul style="list-style-type: none"> <li>- Ordnance Factories would be better managed as PSUs</li> <li>- Delhi Milk Scheme would be better off under the NDDB</li> <li>- The Central Institute of English, at Mysore would be best managed if it were an autonomous body</li> </ul>
<i>Delaying</i>	<p>9.23 Coming to the organisation of a typical Department of a Central Ministry, we would like to recommend delaying as an antidote to delay. There should be a general rule that no file would be allowed to travel to more than three hierarchical levels before a decision is taken. The TCS study has hinted</p>



at the solution by delinking hierarchical levels from promotions. We have separately approved a modified version of the hierarchy suggested by TCS as under :

- Top Executives
- Senior Executives
- Executives
- Supervisory Staff
- Supporting Staff
- Auxiliary Staff

*ACP and  
delaying*

9.24 Thus there will be only six levels in the hierarchy. The TCS have suggested that promotions to grades within a level should be for purposes of financial benefit, but need not have any relationship with a higher decision-making level in the hierarchy. We have adapted the TCS recommendation to provide for the Assured Career Progression Scheme, by which all non-executive cadres will receive two financial upgradations on a time-bound basis while executives will benefit from three such financial upgradations. The ACP has been designed to delink hierarchy from financial upgradations, and should therefore help in delaying of the Governmental set up.

*Level jumping*

9.25 Another method of quick disposal, which is quite related to delaying, is known as level jumping. Here there is conscious attempt to bypass rungs in the hierarchy. As early as September, 1968 the Administrative Reforms Commission recommended that there should be only two levels of consideration and decision below the Minister viz. (i) Under Secretary/ Deputy Secretary and (ii) Joint Secretary/Additional Secretary/Secretary. This observation led to implementation of a scheme of direct submission of cases by senior Assistants to Branch Officers in 1974. In 1978, the scheme got a push when it was said that a case should either be seen by an Under Secretary or a Deputy Secretary/Director but not by both. The concept of level jumping, though known in Government, has not been effectively implemented so far. What is required is a firm guideline that at the executive level, the third level should be the last, where a decision is taken.

*Desk Officer  
Concept*

9.26 A major piece of organisational restructuring was the enunciation of the Desk Officer concept. The attempt here was to convert the Central Secretariat into an officer-oriented system. The Desk Officer system was introduced in January, 1973 in selected wings of Ministries where at least 40% of the work related to strategic policy making, planning and problem solving. Each desk comprised two officers of the rank of Under Secretary or Section Officer or both. The Section Officer submitted cases directly to the Deputy Secretary, while the Under Secretary submitted his files direct to the Joint Secretary. The idea was to abolish the Section, which has too much of supporting staff in the shape of assistants, UDCs, LDCs, Daftaris, Peons etc. The aim was to reduce the number of levels by at least two, to reduce the accent on noting and to lay stress on oral discussion, to foster greater participation in and commitment to organisational goals among officers at the base of the Secretariat structure. Each desk was given a well-defined area of functioning. SOs appointed as Desk Officers were allowed to authenticate orders and sanctions in the name of the President and to dispose cases on their own responsibility.

*Why it has not made headway*

9.27 Currently, there are 1816 Sections and 427 Desks in the Government of India. The Desk Officer system has not made much headway due to the following reasons :

- a) Section Officers appointed as Desk Officers got all the responsibility but without much monetary incentive. They were allowed a special pay of Rs.150/- p.m., which proved insufficient to motivate them.
- b) The staff unions saw the Desk Officer system as an attempt to reduce the dependence of the Secretariat on the supporting staff like assistants, UDCs, LDCs etc. whose numbers are very large. They asserted their position in the JCM and forced the Government to slow down the implementation of the new system
- c) There was just one desk attache or P.A. attached to the desk, with the result that no memory could be built up, as in the case of the section. The working of a desk got disrupted even by the proceeding of one of its members on leave.

*The new Desk Officer concept*

9.28 It is our considered view that no restructuring of the Secretariat can go very far unless the Desk Officer system is reintroduced in a highly effective manner. We propose to remove the defects in the earlier system by adopting the following strategy :

- a) The Desk Officer should be a separate and distinct post, not a mere honorific for a Section Officer, with a pittance as special pay. That is why we are suggesting that 25% of the posts of Section Officers be converted into Desk Officers in a higher pre-revised scale of Rs.2500-4000.
- b) The percentage of 25% should gradually be increased to an optimum level, so that the bulk of the work, barring that pertaining to housekeeping and routine administration, is finally done in the desks and not in the sections.
- c) Each Desk should contain two officers and two Executive Assistants. With a numerical strength of four, the absence of one or two members will not lead to a collapse of the Desk.

*The Executive Assistant concept*

9.29 The next step that is necessary to restructure the supporting staff in the Central Secretariat is to create a multi-skilled position called Executive Assistant. He should replace the present posts of Assistant, UDC, LDC, PA and Stenographer. The qualifications prescribed for this functionary should include :

- a) graduation in any discipline
- b) the qualifications presently prescribed for a stenographer
- c) ability to work on computers

*Training to Executive Assistants*

9.30 The training imparted to an Executive Assistant should be such as to enable him to discharge all the skills of noting, drafting, filing, stenography, typing, public relations, receiving telephone calls and visitors and so on. The

idea is to have a multi-skilled employee capable of performing all the tasks required for a competent secretary in organisations other than the Government.

*Multiskilling in Group 'D'*

9.31 We have to inject the concept of multi-skilling at the Group 'D' level too. Here we may finally arrive at the ideal worker who may be called an **Office Attendant and can really attend to all the auxiliary tasks in an office.** But in the short run we are suggesting a rationalisation into four occupational groups - office attendants, security attendants, cosmetic attendants and malis.

*Office systems*

9.32 There is a **whole area of office systems**, about which the TCS study has thrown up a number of ideas. Restructuring of office systems has to **make the office more efficient and effective.** This can be done by :

- reducing unnecessary movement of files
- reducing the number of files with various officers at any given time
- preventing wastage of time in locating the files
- freeing officers from routine maintenance of records
- eliminating repetitive tasks
- making the dak system more efficient etc.

### COORDINATING AGENCIES

*Planning Commission*

9.33 Lastly, we come to the coordinating agencies in the Government. The most gargantuan of these is the Planning Commission. There was probably some justification for its size and range of authority when our objective was a centrally controlled economy on the Soviet pattern. Now that such centralized planning models have been abandoned even in the country of their birth and we are moving towards an open, liberalised economy, we have to considerably reduce the size of the Planning Commission. Japan has a small Economic Planning Unit under the Prime Minister's Office. In our case, we can have the Planning Commission as a separate entity with much more reduced functions than at-present. It should be an advisory body performing an idea generating role and providing alternatives before the national economy in a fast changing and technology-driven world.

*Department of Programme Implementation*

9.34 The Department of Programme Implementation also had a coordinating and monitoring role at one time. Somewhere along the way, it has lost its mandate. It should be abolished.

*PMO*

9.35 The Prime Minister's Office has emerged as a coordinating office of sorts. It may be of advantage to have a less visible role for it.

*Cabinet Secretariat*

9.36 The Cabinet Secretariat is officially charged with the task of coordination and is geared for it. This position should be recognised and the **Cabinet Secretary charged with the responsibility for ensuring coordination at the bureaucratic level.** There may be need for some amendment in the Rules of Business to provide for certain matters to be resolved at the level of Secretaries through the intervention of the Cabinet Secretary, and at the level of Ministers through the intervention of the Prime Minister. This will impart the necessary edge to both the offices, in keeping a grip on the governmental machinery, so that all

actions of Government are seen to move in the same general direction and in mutual harmony.

## CONCLUSION

9.37 We have provided certain broad directions on the restructuring of the Central Secretariat. Similar solutions will also apply to attached and subordinate offices. It is our fervent hope that organisational restructuring of the Governmental machinery would lead to a more effective, more efficient and a service-oriented set-up.

**MERGER OF DEPARTMENTS IN THE CENTRAL GOVERNMENT**

<b>S.NO</b>	<b>DEPARTMENT(s) TO BE MERGED</b>	<b>MINISTRY/DEPARTMENT IN WHICH TO BE MERGED</b>
1	Department of Administrative Reforms	Cabinet Secretariat
2	Department of Animal Husbandry and Fisheries	Department of Agriculture and Cooperation ( to be renamed as Department of Agriculture )
3	Departments of Jammu and Kashmir Affairs, Official languages and Inter-State Council	Ministry of Home Affairs
4	Department of Consumer Affairs	Department of Civil Supplies and Public Distribution
5	Department of Fertilizers	Department of Chemicals and Petrochemicals
6	Departments of Family Welfare, Indian System of Medicine and Homeopathy	Department of Health
7	Departments of Industrial Policy and Promotion, Industrial Development, Public Enterprises, Heavy Industry, Small Scale Industries, Agro and Rural Industries and Ministry of Textiles	To be merged into a new single department called Department of Industrial Development
8	Departments of Culture, Youth Affairs and Sports, Women and Child Development	Department of Education
9	Departments of Food Procurement and Distribution, Food Processing Industries	Department of Food
10	Ministry of Non Conventional Energy Resources	Ministry of Power
11	Department of Rural Employment and Poverty Alleviation, Department of Waste Land Development	Department of Rural Development

- |     |   |                                 |
|-----|---|---------------------------------|
| 12. | Department of Urban Employment<br>and Poverty Alleviation | Department of Urban Development |
| 13. | Department of Statistics                                  | Department of Planning          |
| 14. | Anticorruption wing of the C.B.I.                         | Central Vigilance Commission    |
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## Work Methods and Work Environment

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### *Introduction*

10.1 Today, the government office is seen as a dusty, moth-eaten, dingy, paper-infested hovel chockful of babus, which is feudal in its outlook, hierarchical in structure, antediluvian in its procedures, dilatory in examination of issues and secretive in its dealings with customers. Despite being one of the largest providers of services, there is a complete lack of customer orientation in various government departments. Consequently, the common man views the government functionaries as exploiters rather than facilitators or providers. The reality has been changed somewhat on account of various measures taken by the government in the recent past. However, the process of change has been tardy and much more needs to be done to improve the existing work methods and work environment in government offices.

### *Three types of offices*

10.2 Government offices can broadly be divided into three categories : Those incharge of - planning and policy formulation; monitoring and control; and operations. The work methods and environment in all these categories of government offices needs to be improved, albeit in different ways.

### *The present scenario*

10.3 While office procedure manuals detailing the procedures to be followed for performing any work and guidelines enumerating specific space and facilities to be given to staff/officers of different levels do exist in the government, these guidelines are observed more in the breach. The elaborate office systems and procedures being observed presently generate unnecessary file work, reports and returns. Filing system in most of the offices is antiquated. Proper accommodation is also not available in most offices and while senior officers do have separate individual rooms, the staff usually sits in cramped conditions. The furniture is very old and in poor condition, and not available in adequate quantity. Sections where the staff sit are usually noisy, under-illuminated and poorly ventilated. Many buildings housing government offices are very poorly maintained and lack in basic amenities like safe drinking water and clean toilets. The conditions in service departments of the government, which provide an interface with the general public, are the worst, with customers having to suffer the lackadaisical attitude of functionaries coupled with physical discomforts like lack of proper sitting space.

*Comparative  
profile*

10.4 While current state of work methods and work environment in most of the State Governments is similar to that existing in Central Government, public sector undertakings have effected certain changes in this field. Most public sector offices today have an open layout wherein modular partitions and modular office units are extensively used. In the offices of the Reserve Bank of India, such an open layout is being used where grade 'A' and 'B' officers sit in the open space along with the staff.

*Instructional  
experience*

10.5 In most of the countries where large scale administrative reforms were effected, proper attention was paid towards establishment of streamlined work methods and a conducive work environment for the staff. In Malaysia, the open office concept heralded closer supervision, congenial working atmosphere and effective communication and interaction. In the United Kingdom, the individual departments were given flexibility to tailor their own systems of work methods within the general framework. In New Zealand, the Chief Executives were given complete control over establishment of appropriate work methods and environment so as to deliver the agreed outputs at the contracted price to the concerned Minister. As would be clear from the experience of other countries which have been successful in implementing the administrative reforms, proper work methods and a good work environment are inherent constituents of such reforms and no organisation can hope to be efficient and effective without proper emphasis on these aspects.

*Consultancy  
Studies*

10.6 In the Commission's sponsored consultancy studies on "Restructuring the Government Office", Indian Institute of Technology (IIT) and Tata Consultancy Services (TCS) have in their reports, commented on the general state of work methods and work environment in the government offices.

10.7 Both the organisations have found the existing level of amenities and facilities in government offices inadequate and the prevailing procedures for file movement, dak disposal and filing cumbersome and time-consuming. TCS has proposed a new system of filing and file movement wherein creation of "File Libraries" containing all the section-related files has been suggested. Under this system the concerned official can call for the relevant files, as and when required, by sending a requisition to the library. The official would only keep the file with himself in case he is still processing it at the end of the day. In all other cases, the file would be returned to the section library. The Section File Library will keep all the current files, with non-current files being sent to a Central File Library for purposes of record. File retrieval and subsequent return to the Central Library would be through the Section Library. The concerned official would submit a file requisition form to the Sectional Library Incharge who would then procure the file from the Central Library. Apart from the filing system, both these studies have also suggested changes in the work environment wherein an open centrally air conditioned office for seating of all non-executive staff, with junior executives being provided shared cabins and individual cabins being limited to only senior executives has been suggested. Other measures like use of modular furniture, permanent and semi-permanent partitioning and diversion of area above file cabinets for storage shelves have also been recommended.



## OUR RECOMMENDATIONS

### *Reducing the paper work*

10.8 Paper work in government offices should be reduced by abolishing all unnecessary reports and returns, reducing the number of circulars, increased use of computers, etc.

### *Streamlined file movement*

10.9 The existing system of file movement needs to be streamlined. Files may be replaced by floppies, queries and letters by phone calls, fax messages and electronic mail. Officers may be given the freedom to destroy all useless paper immediately on receipt. These devices not only result in speedier file movement and decision-making, but lead to a more efficient functioning of the office.

10.10 There is a need for greater inter-ministerial and inter-departmental co-ordination. Instead of moving files for every case, discussions and decisions should be issue-wise with individual matters being finalised within the concerned department/ministry in the light of general decisions taken inter-ministerially. Unnecessary and irrelevant questions should not be raised. All points needing clarification should be raised only once.

### *Reorganising SIU and IWSU*

10.11 Staff Inspection Unit (SIU) and Internal Works Study Units (IWSU) should be re-organised in terms of their style of functioning, as presently these units follow thumb rules without any analysis of actual situations. At times, they also lack expertise on the subject matter under review. Instead of having such units which operate from outside, efforts should be made to develop in-house mechanisms like "quality circles" to constantly review their own working and suggest innovations and improvements. Often SIUs and IWSUs are not welcome in most of the organisations as they are perceived to be instruments for downsizing the staff. The proposed system from within would develop space for creativity and build confidence among the participants that any decision taken would be in the overall interest of the organisation as well as the individuals by improving their effectiveness, productivity and also the rewards. Apart from SIU, the Government should also make increasing use of outside management consultants to streamline the Government machinery.

### *Reducing the supervisory levels*

10.12 The number of supervisory levels should be curtailed with individual officers being given smaller charges with complete autonomy so that they are fully accountable for any lapse. Simultaneously, multiplicity of checks in the form of internal audit, technical audit, external audit etc. should be replaced by a single agency for effecting suitable checks.

### *Service departments*

10.13 In order to minimise the differences in the quality of services being provided, there is a need for laying down strict guidelines regarding accountability norms and standards for government servants, to be strictly adhered to while providing the services. The people delivering the services and the physical environment where these services are delivered are crucial. This has been one of the most neglected areas in the service departments of the government. Of late, a few departments have made some efforts to improve the physical environment of such places but there is immediate need to make them cleaner, aesthetically pleasant and more congenial.

<i>Training</i>	10.14	The public servants who have an interface with the people should be given intensive training in behavioural science, so that they are seen as helping hands with the smiling face rather than as exploiters.
<i>Common typist pool</i>	10.15	All the available typists in an office should be placed in a common typist pool. Any official requiring typing assistance may utilise the services of any typist of this pool. We should depart from the prevailing practise of giving individual typists to officers.
<i>Heralding an officer orientation</i>	10.16	All government work has to be made officer-oriented. Matters may be considered and disposed of only at officer level and full authority must be delegated to each officer.
<i>Work Environment</i>	10.17	Work environment includes office layout and furniture, office decor and amenities. We have considered all the three aspects of work environment separately.
<i>Office Layout</i>	10.18	Office layout concerns the arrangement of equipment within the available floor space. Presently most of the government offices have a number of private rooms. Such rooms are given to employees on account of their position of prestige or because the work needs a higher level of concentration or is of a confidential nature. The concept of private rooms is now changing and the image of prestige built on separate rooms has to be abandoned because they hamper close supervision of the subordinate staff, occupy more floor space and are generally more expensive to build and maintain. Accordingly, efforts should be made to design offices with large open areas where all the staff/junior level executives (up to the rank of Under Secretary) should sit. For limited privacy, partial modular partitions can be provided. Adequate lighting, ventilation and acoustical sound proofing should be provided. Modular furniture should be used and the area above file cabinets should be converted into storage shelves. Mobile racks should be used for storing all files in a section. The personal assistants should not be given private rooms but be placed in foyers outside executive offices. While middle and top executives may be given private rooms, the same should be constructed by using movable partitions so as to provide flexibility for any future changes. Proper area should be provided for visitors and reception.
<i>Office Decor</i>	10.19	Office decor gives a pleasing appearance to the office, thereby reducing the boredom of sitting in one office for years. Decor also helps to improve the image of an organisation. Most of the government offices are found to be wanting in this area. As a short-term measure, different ministries/departments may initiate steps for ensuring better ventilation, lighting, air conditioning, sound-proofing through provision of carpets, proper maintenance of office equipment and furniture, proper colour scheme, use of potted plants, wall clocks, curtains, wall paintings, etc. Long-term measures can include provision of piped music/art galleries in the corridors/reception area, utilisation of space on the ground floor for small museums displaying articles relating to the historical background of the particular department, etc.
<i>Amenities</i>	10.20	Provision of basic amenities is a necessity, as their absence can spread dissatisfaction amongst employees and customers.* We have observed that most of the government offices at present lack proper basic amenities. Provisions have to be made in every government office for providing drinking water with

water coolers, clean toilets, vending machines for tea and coffee and a small recreation room/library. Government should also consider taking concrete steps for providing facilities like creche, ladies' common room, gymnasium, sports facilities as well as departmental stores well stocked in items of daily consumption in all large offices.

*Ensuring  
uniformity across  
offices*

10.21 We view with concern the tendency of vocal and powerful officers to get more space and amenities for their personal and functionally related staff. The government should take adequate measures and form proper guidelines to ensure that uniformity is maintained in provision of these facilities to different offices.

# Improving Productivity

## INTRODUCTION

*Need to improve productivity*

11.1 One of the major thrust areas in this Report is the need to improve productivity of Government employees. We have kept this at the forefront of our mind and many of our recommendations have been made with the sole purpose of raising productivity to an optimal level. In this chapter, we will give a few examples of such recommendations.

*Three major ways*

11.2 There are three major ways in which productivity is sought to be improved :

- a) By measures that ensure that employees have more time available for work
- b) By measures that motivate employees to work more
- c) By measures that improve the productivity of employees through organisational restructuring, use of information technology etc.

## MAKING MORE TIME AVAILABLE

11.3 One of the most obvious ways in which employees can be made more productive is by making more time available for work.

*Increasing the number of working days*

11.4 The first measure is increasing the number of days available for work in a year. Currently, there are too many holidays in Government and we follow a five day week in a number of Government offices. Further, there is a tendency to declare a holiday on very flimsy grounds like the death of a VIP or the birth centenary of some departed leader and so on

*Six-day week*

11.5 We have recommended the promulgation of the six-day week instead of the five-day week. This single step immediately increases the number of working days by 40. The number of gazetted holidays have been reduced

from 17 to 3. This gives another 14 days. We are suggesting that **other holidays should be declared only on the death of an incumbent President or Prime Minister** and on no other death. This will also increase the number of working days by at least 6 days in a year. **Thus we have been able to add a total of 60 days or two months to the number of working days in a year.**

*Encashment of leave*

11.6 We have **allowed employees to encash 60 days of earned leave** in their service period. Assuming a total service period of about 30 years, such encashment would also increase the number of working days for an employee by an average of two days in a year.

*Time clock*

11.7 In order to ensure punctuality in attendance, **we have suggested the introduction of the time punching system**, so that each employee right up to Cabinet Secretary has to punch in his time of arrival and departure. Such a system has worked wonders in Malaysia and it can do so in India too.

*Transport Allowance*

11.8 Punctuality in Government offices becomes a casualty also because employees cannot afford to travel from residence to office in their own vehicles, be these cars, motor bicycles, scooters or bicycles. **We have recommended the grant of a modest transport allowance** that would permit most employees to meet at least some part of the heavy expenditure they are compelled to make on commuting to office. It is hoped that this would also promote punctuality.

*Serving of tea on the table*

11.9 One major irritant in Government offices is the tendency of employees to use the taking of tea as an excuse to absent themselves from their seats for as long as half an hour at a time. **We have recommended arrangements that would ensure the service of tea, coffee, cold drinks and snacks on the table**, so that no interruption to the work schedule takes place.

*Changing timings of service institutions*

11.10 Another important recommendation is that **Government should change the timings of hospitals and dispensaries, banks, shopping centres etc.** so that these are open in the mornings and evenings when Government employees (and all employees for that matter) are free. This can be done either by introducing a shift system and bifurcating the present staff, or through a split duty system in which case we can pay a split duty allowance to officers and staff. The idea is that Government employees should not have to leave office and transact the business of taking their children to a doctor, shopping or encashing a cheque, on official time.

### MOTIVATING EMPLOYEES TO WORK MORE

11.11 Having brought the employee to the office in time, having prevented him from getting late in distractions like tea, bank transactions or shopping, and having increased the number of working days is only part of the battle. How is the employee to be encouraged to work more?

*Output-based budgeting*

11.12 We are **suggesting budgeting and financial reforms that will convert our budgets to documents outlining the outputs and outcomes of departmental work** instead of being obsessed with inputs. If implemented in the right spirit, it will bring about management by objectives, with every employee

knowing exactly what his duties are, what kind of output is expected from him and putting in his best to meet the laid down targets.

*Productivity and bonus*

11.13 All incentive schemes have to be productivity-linked. Bonus is supposed to be so. Unfortunately, many of the bonus schemes currently in operation are linked to production and not to productivity. We have suggested certain modifications so that there is no automatic increase in the quantum of bonus merely by efflux of time, but there is a direct link established between productivity and bonus. We are also suggesting the conversion of ad hoc bonus schemes into productivity-linked bonus schemes.

*Performance appraisal*

11.14 Performance appraisal is another area of reform. If we develop better methods of appraisal, which are linked to actual performance in quantitative and qualitative terms, and link promotion and other incentives to such objective appraisal, we would be creating the best motivation for higher productivity.

*Weeding out of the incompetent*

11.15 As part of the appraisal system, we are suggesting a ruthless weeding out of the incompetent and corrupt elements at the time of promotion to the Senior Administrative Grade. If this is linked to performance, it will have very salutary results.

*Performance Related Increment*

11.16 We are also introducing the Performance Related Increment scheme, under which an employee's performance during the previous year would determine whether he remains where he is, earns an increment or is given two increments instead of one. This is a precursor to Performance Related Pay, which can be introduced at a later stage.

*Appraisal of Group 'D' employees*

11.17 Group 'D' employees currently do not face an annual performance appraisal. This is because they had no promotion avenues so far. Having introduced the four-grade structure for these employees, we have also brought the ACR back. There will thus be increased pressure on them to perform.

*Specific suggestions on productivity*

11.18 In the case of certain departments we have made specific suggestions for improving productivity. For example, 25% of running allowance has been linked to the punctual running of trains. Similarly, if a pension payment order is delayed due to the negligence of someone in Government, he will have to pay interest to the affected employee for the period of delay. For the telephone department, we have suggested a coloured points systems, with red for bad work and green for good work, the points being added every month to arrive at a numerical assessment of the productivity of telephone mechanics. There is also a recommendation for customer opinion surveys to ascertain the views of customers of services provided by the Government.

#### OTHER MEASURES FOR INCREASING PRODUCTIVITY

11.19 There are other measures that have a very direct and positive impact on productivity. Some of these are briefly mentioned in the succeeding paragraphs

<i>Organisational restructuring</i>	11.20	<b>Organisational restructuring</b> includes a number of steps like amalgamation of Ministries and departments, delegation of administrative and financial powers, delayering, level-jumping, the introduction of the Desk Officer system, functional multi-skilling and creation of new cadres like those of Executive Assistants and Office Attendants etc. All these will lead to greater efficiency and thus to higher productivity.
<i>Reducing numbers</i>	11.21	There are also numerous suggestions for <b>reducing the numbers</b> in Government employment through privatisation, contracting out of services, transfer of functions, schemes and organisations to the State Governments, or their conversion into cooperative institutions, PSUs and autonomous bodies, revision of norms etc. Many of these recommendations will lead to higher productivity per employee from among those who are left in the Government.
<i>Simplification of procedures</i>	11.22	Office procedures prescribed in government organisations at present are very complex, cumbersome and time consuming. Such procedures often lead to a greater emphasis on observation of the prescribed norms rather than maintaining productivity. <b>Procedures in all government offices need to be simplified and made less tedious and time consuming.</b>
<i>Accountability</i>	11.23	<b>A shift has to be made towards accountability in the positive sense wherein a greater emphasis will be laid on achieving the end result rather than a mere adherence to rules and procedures.</b> This will also provide government employees with the necessary impetus to try out various innovative approaches for increasing productivity.
<i>Automation</i>	11.24	Then there is the whole field of <b>office automation</b> , reduction of paperwork, computerisation, introduction of information technology etc. which is likely to cause a quantum jump in the productivity of Central Government employees.

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# *Automation and Reduction of Paper Work*

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## INTRODUCTION

### *Need for Automation*

12.1 The main objective of administrative reforms is to increase the efficiency and effectiveness of the government by increasing productivity. In this scenario, automation and computerisation play an important role, as obsolete office equipment not only leads to a wastage of time on account of difficulty in handling but also does not give the required quality of output. Automation is also important for installing modern communication systems in offices, which can prevent generation of a lot of unnecessary file movement and useless paperwork.

### *Automation - Existing Scenario*

12.2 The existing level of automation in government offices is quite inadequate and haphazard. Government offices are still continuing with the traditional machines like manual typewriters, cyclostyling machines, etc. which do not give the required quality of output. Most of the office equipment is outdated and poorly maintained. The telecommunication facilities are insufficient or absent in most of the offices. Furthermore, the office equipment is provided on the basis of designation of the person. The best and most expensive equipment like personal computer is kept in the room of the senior most officer who may either have no knowledge of its operation, or inclination or time to use it. In any case, one single person may not be able to utilise the equipment to its capacity. Thus there is a need to split the equipment into Individual and Pooled equipment.

### *Generation of Useless Paperwork in Offices*

12.3 Presently government offices generate a lot of useless paperwork in the form of unnecessary reports/returns, extended file movement - in many cases for clarification of some minor query which could have been avoided, tedious procedures for disposing of dak, improper filing and the tendency amongst officials to correspond only through the medium of the written word even in cases where requisite information could be easily gathered by phone, personal interaction etc. Such tendencies are a major cause of delay and reduce the level of efficiency in government offices.



## COMPARATIVE POSITION

*Level of  
Automation in  
other countries*

12.4 Most of the other countries have realised the importance of proper office equipment and reduced paperwork in increasing the efficiency of government offices and initiated several steps in that direction. The developed countries of the world have had a very high level of automation with attendant reduction in useless paper work, during the past 2-3 decades. Currently, the United Kingdom invests more than 2 billion Pound Sterling a year and employs 20,000 staff (despite reduction in the overall size of the government) to install and operate various information and telecommunication systems. In Canada a blueprint has been designed to substantially change the way in which technology is implemented throughout the government. A 'Software Exchange Service' (SES) has been opened to promote and facilitate the sharing of government owned application software, and related systems between different government organisations at all levels. The level of automation and technology in developing countries is also being upgraded continuously. In Bangladesh, computerisation of government offices has been taken up on a large scale. Alongside O and M techniques like modified personnel manual, standardised job descriptions with MIS are also being utilised. In Malaysia, government offices are increasingly being provided gadgets for image processing, electronic data interchange, work flow automation as an integral part of the endeavour to help government departments to carry out their daily operations more efficiently and effectively and with less amount of paper work.

## RECOMMENDATIONS

*Heralding  
Computerisation*

12.5 The existing manual system of working should be replaced by an automated and computerised system. This change should be initiated from top levels of executives in the government whose commitment to the process of change should be total and visible. The various activities being taken up for computerisation should be prioritised and activities having a public interface, those involving a lot of legal complications and litigation or those that generate a lot of repetitive work should be computerised in the first leg.

12.6 The final objective of automation is the creation of the paperless office or the almost paperless office. One of the fears expressed by officers is that there would be no record of who said what and therefore accountability would be diluted. It is now possible to use devices by which a Government file can be almost replicated on the computer, with sufficient safeguards to ensure that it would always be possible to fix responsibility for statements made by individual officials. We need to educate officials about these techniques, so that there are no unfounded fears on this account.

*Proper Training*

12.7 In the new office, the higher level management will have to be receptive to adopt new technology. Proper training would therefore be essential for training the senior officers on both - the skills for operating computers and the appropriate attitude to implement information technology in the organisation. Simultaneously, the general staff would also have to be trained for using the office automation and also to accept technology as a facilitating

**and supporting system.** Sometimes innovative technology programmes are initiated without informing the employees and their unions. This leads to rumours and misunderstandings about the reasons for their introduction. The first impression that the employees get is that they will lose their jobs due to computerisation. Their fears about information technology should be addressed properly through meetings and notices. JCM can play an important role in this respect.

*Making the existing systems and procedures computer friendly*

12.8 The introduction of information technology would require changes in the systems and procedures. Each system and procedure would have to be studied in detail and suitable software and hardware implemented for each application. **Present forms being used in government are cumbersome and not amenable to being fed in the computers. All such forms would need to be simplified and made both customer and computer friendly. Need to fill in multiple forms should be minimised and ultimately eliminated, once the entire government machinery is properly networked.**

*Creating proper data base*

12.9 Computers can be used effectively only if a proper and accurate database is available. Hence a proper database would have to be developed. **All government departments should accordingly initiate compilation of available information in a proper format which can be used for building up an extensive database.**

*Ensuring compatibility*

12.10 While initiating computerisation, each ministry and department should design their system in consultation with expert bodies like NIC so as to ensure compatibility within the overall system of the government. The design should also take into account the present and future data volumes and must examine costs and benefits of various alternatives available. This should also be extended to all the field organisations as well. **The over all emphasis should be to develop a network in the entire government machinery wherein immediate exchange of data through computers would be facilitated. The system should also contain hierarchical and functional level based codes so that appropriate confidentiality of data is maintained.**

*Other Office Equipment*

12.11 **Apart from computers, other office equipment which improve the effectiveness and efficiency of employees should also be used.** These include Electronic Typewriters; Photocopiers; E-Mail which enables the transmission and reception of mail, FAX or telex around the globe; Microfilming Equipment which makes miniature copies of records on film and stores the film either on small reels or strip and can be used for reducing the number of files; Scanner which can be used to scan letters and text so that the need for typing the stencils is obviated, etc.. Machines should also be utilised for enforcing punctuality in office through electronic recording of attendance and timing of disposal of cases etc.

*Procedure to be adopted*

12.12 In the whole process of automation, care should be taken to ensure that modern equipment is provided on the basis of needs. **Individual equipment should be provided to a person only if he needs it continuously or if work would be hindered or delayed otherwise. This can include equipment like calculator, computer terminal etc. Other equipment which is large and expensive should be kept in a common pool with timings for the use of individuals and sections decided in advance. Such pooled equipment would**

include fax, photocopier, telex, DTP facilities, NICNET, computer systems, franking machines, scanner, paper shredder, etc.. All government offices should have a central pool of equipment like telex, fax, photocopiers and word processors in an easily accessible room which can be used by various officers to take high quality print-outs for the purpose of correspondence, reports, etc..

*Reduction of  
paperwork*

12.13        There are also several steps which need to be taken in order to reduce paperwork in Government. Some recommendations in this regard are as follows :

- a)    **All forms should be reduced in size and be pared to be barest minimum. Only one copy of the same should be asked for from the customer. More copies, if needed, should be generated in the Government office.**
- b)    **Reports and returns should be reviewed every three months. All unnecessary reports/returns should be discontinued forthwith. The periodicity of reports/returns should be ruthlessly reexamined to see whether their periodicity could be made longer. If a monthly return is converted into a quarterly return, we immediately reduce paperwork by two-thirds.**
- c)    **All officers should be authorised to destroy some incoming papers immediately on receipt. Sometimes the same representation is received from six quarters and adds to the volume of a file. The five extra copies should be destroyed immediately on receipt.**
- d)    **No copy of a letter should be endorsed to any person, unless it is clearly known that it will be useful to him in some way. If such a letter is received by anyone who is not concerned with it, he should destroy the same immediately on receipt.**

12.14        Many such methods for reduction of paperwork can be devised, once one makes up one's mind and trains everyone in Government to think in similar terms.

## Openness

- Definition* 13.1 The simplest definition of openness is "easy and speedy access to right information". In the context of government functioning in the present era of economic liberalisation, "openness" means giving everyone the right to have access to information about the various decisions taken by Government and the reasoning behind them.
- Comparative position in other countries* 13.2 In most of the countries where large scale administrative reforms have been carried out, emphasis has been laid on liberalising the extent to which details of policy, performance and other information about government activities are made available to the general public. In the U.K., Citizen's Charter contains specific provisions for promoting increased openness about the reasons for decisions taken by the Government. In 1988, certain changes were effected in the Official Secrets Act, 1911 to narrow the scope of official information falling within the ambit of the Act. Besides, a White Paper guaranteeing a statutory right of access to personal records held by the government has also been implemented in April, 1994. Canada has an Access to Information Act which gives all Canadian Citizens, as well as people and corporations present in Canada, the right to have access to federal government records that are not of a personal nature. The government has taken steps to ensure that information about its activities are broadly available to the people, with exceptions being limited and narrowly defined, and provisions for resolving any disputes over the application of such exceptions independently of the government. An Information Commissioner has been appointed to investigate complaints from members of the public arising from the above-mentioned Act. Government of Malaysia has also taken various steps to provide an open and transparent government in terms of decision-making. These include publication of reports on public complaints, progress of administrative efforts undertaken by the government etc.
- Recent Trends* 13.3 As would be clear from the above, there is a trend worldwide to have increasing openness in the system of governance. Various factors like changing socio-economic milieu, increased awareness of the public about their rights, the need to have a fully accountable and responsive administration and growing public opinion which views efforts at secrecy as enhancing the chances of abuse of authority by government functionaries, have led to a demand for a greater transparency in governmental functioning. However, complete openness is

neither feasible nor desirable. Accordingly, a balanced approach to openness in government functioning has to be devised.

## OPENNESS WITH PUBLIC

*Balanced approach*

13.4 All governments in the world practise studied concealment of information from the people though the nature, degree and extent thereof varies. While capitalist and democratic countries have a higher degree of openness vis a vis authoritarian regimes, nowhere in the world is government functioning totally open. The effort is to satisfy public demands as far as is reasonable and practicable. Transparency also has to be fully compatible with the constitutional and parliamentary system of the country and the cost of sharing information should be commensurate with the benefit to the public. It may also not be practicable to give information about any proposal under consideration while it is yet to be finalised, as this is likely to bring into play several pressure groups with attendant increase in corruption. Thus what we need in the country today is a limited openness in government functioning, which would make available ex post facto information about various, but not all, government decisions to the citizens of this country. While anything that is detrimental to the interests of the nation, the security of the state or its commercial, economic and other strategic interests, may not be made public, nothing should be held back just to subserve the interests of individual bureaucrats and politicians.

*Right to Information Act and Setting up an independent authority*

13.5 Experience of other countries shows that we will have to initiate the process by passing a Right to Information Act, somewhat on the lines of Canada and the United Kingdom. Adequate safeguards will have to be built into the legislation to ensure the primacy of the national interests as also the privacy of the individual citizen. At the same time, an independent authority will have to be constituted to decide whether a document can be made public or not. In this context, we recommend the creation of a National Information Authority which may be headed by a retired Supreme Court Judge or a retired Chief Justice of a High Court. It should also include independent and eminent persons as its members. The decision of this authority should be appealable only in the Apex Court.

*Dissemination of information*

13.6 Public relations wings, which already exists in most of the government departments, should be converted into Public Relation-cum-Information Wings. Their functions should include dissemination of information to citizens on payment of a prescribed fee. People should be able to inspect Government papers and, if necessary, take photocopies of desired documents. No extra staff should be employed for this work, as the existing staff of P.R. Wing can take on these duties additionally. Departments should also publish information of general interest and keep copies of these in their libraries for general consumption. They should put information on computers with linkage to Internet and other global networks.

*White paper and press communique*

13.7 Every important government decision involving a shift in policy should invariably be accompanied by a White Paper in the nature of an explanatory memorandum. Whenever a government decision brings about any pecuniary benefit of the value of Rs.100 crores or above to any particular individual, group or company, whether in form of licences, tax relief or award of

large projects, an elaborate press communique' explaining the origin of the issue, factors taken into account while arriving at the decision and names of the particular groups/ individuals which it has benefited, should be released, within 24 hours of the decision.

*Openness in  
public dealing  
offices*

13.8 A new kind of office structure, with a counter system, as in the case of banks, should be adopted in all field offices involving public contact. This has already been used with success in the Ahmednagar Experiment wherein the district office was restructured, demystified and made more open so as to facilitate the work of the general public. We have to move towards a government office which gives a clear-cut time-limit for disposing of any request of a member of the general public. An individual, if he so wishes, should be made aware about the exact stage of his case at any point of time. In such a system, an applicant is given a fixed time-limit, at the time of submission of his application giving the date on which the final decision on his request would be conveyed. The Passport Office has already initiated a system, where the status of an application can be ascertained at any point of time.

*Cutting out  
discretion*

13.9 Openness also implies that the reasons for Government decisions are placed on record in black and white. For this purpose, formulation of criteria that would be used for decision-making is a must. Accordingly specific rules, criteria and norms have to be laid down for every activity of the government. The areas of discretion should be minimised and, in fact, eliminated. There should be no provision for Ministers, MPs or bureaucrats to dispense favours like medical college seats, Government accommodation, telephones, gas agencies, petrol pumps and the like. All such out-of-turn or discretionary quotas should be abolished. Wherever discretionary powers have to exist, these should be exercised by a group of officials with disparate backgrounds. In such cases, there should always be a recorded decision giving full justification for the stand taken. These groups should never be headed by ministers.

### OPENNESS WITH EMPLOYEES

*Transparency in  
appointments,  
promotions etc.*

13.10 Presently, the procedures involving personnel management in government are kept so much under wraps that even government servants themselves are not aware of them. Many of these activities like policy of transfers and postings, procedure for empanelment and even the list of persons who have made it to a panel remains closely guarded secrets. Transparency in dealing with matters relating to appointments, promotions, placements and personnel management is essential. We recommend that clearly defined criteria for all matters concerning promotions, transfers, appointments, etc. of government employees should be laid down. When a panel is drawn up, it should be published so that everyone knows where he stands. Apart from reducing frustration amongst government employees, this will obviate the need for fighting service-related cases in the courts.

*Redress against  
superiors*

13.11 Openness in governmental functioning has to extend to resolution of disputes among government servants. In the present hierarchical structure in the government, a subordinate does not have any avenue to air his grievance against his immediate superior to anyone. The official rules provide for representation

through proper channel in which the first link is again the next immediate officer. Moreover, in case of a dispute, there is always a predilection among the top bureaucrats to go by the statement of the senior officer. **It would be better if in such cases, the senior officer counsels both parties involved in the dispute to arrive at a mutually acceptable settlement. If differences still persist, efforts should be made to delink the two persons involved in the dispute, as they may both be good people, only temperamentally incompatible.**

*Relations with the media*

13.12 Openness should not mean indiscreet leaks about Government actions, all of whose secrets are bandied about in public. In fact, openness should do away with the very provocation for such leaks. By its very nature, the work of a government employee is faceless as it invariably flows out of efforts involving the entire system. The concept of anonymity of the public servant is a good thing and should continue. **Lately certain public servants have developed a tendency to acquire a false halo by cultivating the press and giving them friendly leaks. There is a need to suppress this tendency. The Conduct Rules already provide for departmental action in such cases. There is a need to implement this severely so that no more paper tigers amongst bureaucrats are created by the media. At the same time, the public relations machinery of different government departments should be trained to give out balanced stories to the media who should also be given sufficient opportunity to visit the places where good work has been done. Instead of issuing drab press notes giving dull statistics, the media should particularly be apprised of individuals who have been helped by the system, as human interest stories always evoke greater attention.**

# Autonomy and Delegation

## INTRODUCTION

*Reforms in New Zealand*

14.1 The present trend the world over is towards granting greater autonomy and delegating more powers at all levels of the government. Perhaps the highest level of autonomy and delegation has been effected in New Zealand during the course of the reforms initiated in the last decade. Most of the government activities have been either privatised or are being run as State Owned Enterprises like private sector businesses conforming to commercial objectives alone. For the core activities that have been retained in Government, Ministers enter into a contract with the Departmental Chief Executives wherein the output to be produced by the department and the price to be paid are specified. The Chief Executive, who himself is on a contract, has full powers to hire and fire his staff and to fix their salaries. All civil servants are employed on a contract, under which they are responsible to produce a certain number of outputs of specified quality at a certain price. In order to achieve such outputs, each manager has complete discretion over inputs and can prescribe work methods, devise systems, fix salaries, grant amenities and decide upon the number of his staff while remaining within his overall budget. The pay of the manager is also dependent on his performance. There are annual reviews and depending on their results his pay can be adjusted both upwards and downwards. Budgeting has become totally output-oriented, with the control of the Treasury limited only to a fixing of the total size of the departmental budgets.

## AUTONOMY AND DELEGATION - AN APPRAISAL

*Feasibility of Introducing the New Zealand model in India*

14.2 While this kind of system may be the ultimate aim for any government of the future, it is doubtful if the present circumstances are conducive to its instantaneous implementation in India. Today we have a centralized system of Government that is premised on distrust. Whether it is the Ministry of Finance or the Ministry of Law or the Department of Personnel, they do not trust other individual Ministries to do the right thing. It is, therefore, necessary to refer everything important to these nodal Ministries. Whatever little autonomy the departmental heads seem to enjoy notionally is withdrawn by the Ministry of



Finance under the guise of economy. Most important decisions of any consequence are taken either by the Cabinet or a Cabinet Committee or the Minister or the Committee of Secretaries.

*Necessity for  
Delegation*

14.3 Delegation of authority is critical to the cutting down of levels and the time taken for arriving at a decision. Any delegation can lead to reduction in the size of government which is central to the entire process of administrative reforms. Centralised control leads to wastage, as one set of rules cannot be equally applicable to thousands of diverse situations which obtain in a country of India's size and complexity. There is thus no doubt that delegation is the key to faster decision-making.

### RECOMMENDATIONS

*Decentralisation  
of Financial  
Powers*

14.4 Presently, the most excessive centralisation of powers is seen in the matter of finance. All ministries have a Financial Advisor (F.A.) who is responsible both to the administrative ministry and the finance ministry. The F.A. assists the administrative Secretary in respect of the powers delegated to the ministry and the Secretary can, in theory, overrule his F.A. In practice, however, stringent restrictions have been placed in respect of exercise of delegated powers. Powers for creation of non-plan posts, reappropriation from plan to non-plan expenditure, expenditure on telephones, travelling allowance, entertainment, overtime etc. have been severely curtailed or withdrawn. This kind of total control is stifling and often acts as a barrier in achieving the allotted targets and goals. Accordingly, there is a need for the finance ministry to allow other ministries greater freedom and flexibility in financial matters. It would be more appropriate if the finance ministry approves the overall budget for different ministries and thereafter allows them sufficient flexibility to manage the financial resources in the most productive manner irrespective of the various heads under which it is spent. Simultaneously, all the powers withdrawn from the ministries during the last few years in the name of economy measures should be restored, with reiteration of the government's desire to effect maximum economy. The dual control over the F.As. should also be removed and they should work under the control of the administrative Secretaries as real financial "advisors" in respect of delegated financial powers.

*Role of Ministry  
of Personnel,  
Public  
Grievances and  
Pensions*

14.5 The Ministry of Personnel, Public Grievances and Pensions is the nodal ministry dealing with policy in respect of personnel matters. Due to common criteria prescribed by this ministry, there is a great deal of uniformity in the civil services, which is not always conducive to effective management of the functions attached to diverse departments. There is need for greater freedom in personnel matters within the existing system subject to the specified budget on pay and allowances. Individual departments should be allowed to determine the structure of their cadres within the existing pay scales without the intervention of the Ministries of Finance and Personnel. They should also be authorised to work out incentives applicable to their employees, within the parameters of general guidelines, like increments, lump-sum payments, productivity-linked bonus, etc.. The departments should also enjoy greater freedom in respect of personnel who are specific to such departments and are not to be found in other ministries. In such a scenario, the role of Ministry of

Personnel would be confined to laying down general policy guidelines in respect of matters like recruitment, promotion, deputation etc.

*Appointments  
Committee of the  
Cabinet*

14.6        **The approval of the Appointments Committee of the Cabinet should be sought only in respect of appointments of Joint Secretaries and above in the secretariat and appointments to posts carrying a pay scale equivalent to that of Additional Secretaries and above in the field offices.**

*Role of  
Committee of  
Secretaries*

14.7        **Presently there is a tendency to refer almost all important matters to the 'Committee of Secretaries'. This leads to avoidable delays and dilution of responsibilities. Individual cases should not be referred to the Committee of Secretaries. Only broader issues having wider ramifications should be taken up at their level. All administrative Secretaries should be delegated the complete and final authority for approval of projects, programmes, schemes, procedures etc. upto any limit within the overall budget. They will no doubt seek the advice of all those concerned before arriving at the final decision. This would ensure that the ministry responsible for a given task also has the necessary powers to achieve it.**

*Role of  
Secretaries*

14.8        **All administrative Secretaries should be given maximum functional freedom and financial flexibility as in the case of Chief Executives in New Zealand. Simultaneously, they should also be asked to commit themselves to targets and action plans for their entire tenure and held accountable for the same.**

*Delegation as a  
prelude to  
Delaying*

14.9        **As a prelude to reduction of levels in the ministries, the posts of Director, Deputy Secretary and Under Secretary should be treated as one group and that of Joint Secretary, Additional Secretary and Secretary as another. An officer belonging to the lower group should submit the files directly to an officer of the higher group who should be delegated the necessary powers to take a decision on such matters. This will ensure that no file is dealt by more than two executives before a final decision is arrived at.**

*An atmosphere of  
trust*

14.10       **An atmosphere of trust has to be created throughout the administrative system, so that each rung of the Government feels motivated and responsible for the results in specific areas of responsibility. Power & responsibility should go together. Only in such a system can decisions be taken quickly and efficiently.**

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## *Ensuring Right of Redress*

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### INTRODUCTION

- |                                     |  |
|-------------------------------------|--|
| <i>Grievances</i>                   | 15.1        It is inevitable that the large size of the Government machinery and the plethora of services provided by it should generate grievances. These can be broadly divided into two types - grievances of customers and grievances of employees.  |
| <i>Withdrawal of Government</i>     | 15.2        One major policy thrust that can reduce both is the withdrawal of Government from areas that can be transferred to the corporate or private sector. This option has to be pursued vigorously.  |
| <i>Need for effective redressal</i> | 15.3        But for areas that remain with the Government, an efficient grievance redressal machinery has to be an integral part of civil service reforms. It has to be effective, speedy, objective, readily accessible and easy to operate. It has also to be well publicised so that aggrieved parties are aware of not only the available recourse but also the forum for lodging the complaint. |

### EXPERIENCE OF OTHER COUNTRIES

- |                       |  |
|-----------------------|--|
| <i>Malaysia</i>       | 15.4        Other countries have tried to build effective grievance redressal mechanisms. In <b>Malaysia</b> , a Public Complaints Bureau has been created in the Prime Minister's Office. It has the status of an independent organisation to look into complaints against public agencies. It is the main channel for the public to forward their grievances against public servants. Several steps have been taken to inform the public about their right of redress. |
| <i>United Kingdom</i> | 15.5        In the U.K., the Citizens' Charter (1991) introduced mechanisms for registering and redressing complaints made by customers. Government took steps to publicize the procedures for lodging complaints. A Complaint Task Force was created for setting up improved complaints systems. A telephone helpline called "charterline" was installed to help people to find out more about public   |

services as also how to lodge complaints about them. A post of Ombudsman was created to deal with complaints of alleged injustice caused by Government's maladministration. If other attempts at redress failed, individuals could approach the Ombudsman through their Members of Parliament.

*Canada*

15.6 A Department of Public Works and Government Services was opened in Canada, in order to permit members of the public to lodge formal and informal complaints. The Canadian International Trade Tribunal was appointed in order to receive and decide upon complaints in respect of award of Government contracts to private parties.

#### CONSULTANTS' ADVICE

15.7 Tata Consultancy Services have suggested that all public grievances should be received and acknowledged only at one point. The Department of Public Grievances should function as a nodal department and forward the complaints to the respective departments for necessary action in a time-bound manner. Creation of a grievance committee for handling grievances of employees has also been suggested.

#### EXISTING SYSTEM

*Department of  
Public  
Grievances*

15.8 As in everything else, we already have a public grievance redressal machinery in place. At the apex is the Department of Public Grievances, under the charge of a full-fledged Secretary who reports directly to Cabinet Secretary. It registers all public grievances received either from individuals or from the newspapers and forwards the same to the concerned Ministries. Action taken thereon is monitored closely.

*Special Cells*

15.9 Individuals can also file their grievances with the concerned Ministry or Department directly. Most Ministries have special cells under senior officers for looking into such grievances. People also request their public representatives to intercede for them with the Ministers or senior officials.

*Defects in present  
system*

15.10 The trouble with the present system is that it is not worked properly, due to the following reasons :

- a) The concept of customer orientation is almost non-existent.
- b) Government officials are not properly trained in effective grievance redressal
- c) There is no pinpointed responsibility for each task
- d) Responsibility for non-redressal of a grievance is not fixed there and then
- e) No reward or punishment system exists

- f) There is no systematic attempt to assess the customers' opinions
- g) Multi-tier institutional mechanisms have not been developed
- h) There is no institution outside the departmental machinery which could effectively intervene on behalf of the aggrieved person.

### OUR RECOMMENDATIONS

15.11 An effective grievance redressal machinery has to be put in place, so that each of the above defects is taken care of. Our recommendations try to achieve this objective.

#### *Citizens' Charter*

15.12 **There has to be a Citizens' Charter, defining the rights of the customers of Government schemes and services.** Each department has to publish its own Charter, defining its standards of performance, fixing time limits, setting out the grievance redressal mechanisms, stating what redress would be made. For example, the Department of Telecommunications will have to state how much time it will take to set a telephone in order. Suppose it stipulates 24 hours. If it fails to rectify a defect within that period, it will have to pay damages to the subscriber. Each Government employee has to understand that he is a public servant in every sense of the term and he has to serve the public. That is the only reason for his existence. The idea that Government employees dispense favours to members of the public has to be buried once for all.

#### *Attitudinal change*

15.13 **Officers have to be trained in effective grievance redressal.** There are some basic principles for this. Each officer has to maintain an open door policy. His doors have to be always open to the members of the public, to listen to their grievances. Disposal of paperwork has to take second priority. So long as papers are given more importance than people, our administrative systems cannot improve. Intervention has to be personal, by calling the concerned official or by ringing him up. Deadlines have to be set for each task. The completion of each task has to be monitored. No backchat is to be tolerated from subordinates. Each person is to be trained in problem solving, and in fighting our innate tendency to pass the buck to someone else.

#### *Pinpointing of responsibility*

15.14 **The distribution of work in Government offices has to be done in such a way that you can always pinpoint responsibility on a single individual.** No one who is called upon to perform a task should be able to claim that it is not his job. If he is held responsible for non-performance, he should not be able to wriggle out.

#### *Performance appraisal*

15.15 **Whenever a grievance is redressed or not redressed within the time limit prescribed by the organisation, there should be an automatic mechanism for recording of the performance there and then.** It should be recorded for several purposes. It should go into a data bank which records the performance of the individual. That should enable the department to prepare a Monthly Performance Appraisal, which should be communicated to the individual. The other use to which the information can be put is the determination of the individual's entitlement to a financial reward or punishment.

*Reward and  
punishment*

15.16        A simple system in the telephone maintenance wing of DOT could award green points for good work and red points for slipshod work. At the end of the month, all the green and red points could be totalled up, to give either a net green (plus) or red (minus) figure. That figure could determine whether the individual would be entitled to an incentive or a deduction. In other departments, it could be linked with (say) running allowance in the railways or performance-linked bonus in the postal department or a cash incentive in a defence workshop.

*Customer  
Opinion Surveys*

15.17        We require a well organised system of Customer Opinion Surveys, which could give us feedback about the performance of an organisation or individuals within it. These may be conducted internally, through units dedicated to the task of Performance Appraisal or by engaging private survey agencies on a contractual basis.

*Institutional  
mechanism for  
redressal*

15.18        A multi-tier institutional mechanism has to be developed for grievance redressal. This means that only grievances which cannot or are not redressed at a particular level will travel to the next higher level. A grievance will keep on travelling up the hierarchy, as long as it is not solved. There should be automatic mechanisms which alert each higher level about the unresolved grievances at the next lower level as soon as the stipulated standard time has elapsed. One of the methods could be that of Lok Adalat or Social Audit Group.

*Sarvochha Lok  
Adalat*

15.19        The highest tier of grievance redressal at the bureaucratic level should be the Secretary (Public Grievances), who should be one of the seniormost Secretaries to the Government of India. He should be able to hold a monthly meeting to discuss unresolved grievances which need attention at his level. The meeting should have representatives of the administrative Ministry, and the Ministries of Finance and Law, all of whom are fully empowered to commit their Ministries to any course of action that may be jointly decided upon. In important cases, therefore, the concerned Secretaries may attend the meeting personally. The aggrieved party should also have the right to make a verbal representation before this forum, which may be called the Sarvochha (Apex) Lok Adalat. Decisions of this Adalat should be final and binding on all the Ministries of the Central Government.

*Calling for  
departmental files*

15.20        The Secretary (Public Grievances) is currently authorised to call for the file pertaining to any case of any Ministry and to pass any orders that he may deem fit, taking all the circumstances into account. It is not known how often or whether at all he exercises this power. But it would be salutary to have this power vest in him, and wherever necessary he could obtain the approval of the Cabinet Secretary or the Prime Minister, to lend the necessary weight and finality to his decision.

*Ombudsman*

15.21        We also need an Ombudsman outside the routine bureaucratic machinery. This could be a retired Judge or senior bureaucrat, who may be given a Constitutional or legal status. He would be available for attending to unresolved grievances and could intervene in critical matters. His hearings could be public, but without there being any lawyers. The complainant and the representative of the Government department could be heard and an appropriate order passed either setting a time limit to the matter being resolved by the department or in the case of a dispute, even deciding what line of action should be pursued.

## GRIEVANCES OF EMPLOYEES AND PENSIONERS

- Machinery* 15.22 The grievances of employees and pensioners will have to be mainly dealt with by having multi-level points of grievance redressal, starting from the immediate boss and travelling through the layers of head of office, head of department, administrative secretary and so on. Time limits for grievance redressal should be fixed and adhered to.
- Grievance Committee* 15.23 Each Ministry should have an Employees Grievance Committee chaired by the Secretary. This should be the apex of a hierarchy of such Committees, starting from the field level. Unresolved grievances should travel quickly up the hierarchy, so that matters are set right within the shortest possible time. Personal hearings should also be allowed at each level.
- Pension Adalat* 15.24 For pensioners, we must create a multi-tier effective Pension Adalat system, fully empowered at each level to take short cuts, short-circuit procedures, reduce paperwork and come to reasonable, commonsense decisions which resolve the matter in issue on the spot. For policy matters, SCOVA should be fully empowered in the manner of the JCM, as has been mentioned in another Chapter.

# Management Information System

## INTRODUCTION

### Definition

16.1 Management Information System is an integrated approach to the design and use of a computer-based information system that provides summary information and highlights exceptions for corrective decision-making. Readily available and up-to-date information is a vital requirement for facilitating correct policy-making and monitoring and control over various programmes. MIS also enables the management to take concurrent corrective action in ongoing projects.

## COMPARATIVE POSITION

### Measures taken in other countries

16.2 Heralding improved MIS has been an inherent feature of administrative reforms effected in different countries of the world. In Canada an office of Information Management Systems and Technology headed by a Chief Information Officer was created for policy devolution, implementation and administrative reengineering of the existing information systems. In 1994, the Malaysian government introduced a Civil Service Link (CSL) as an on-line information database system to enable the general public to access information on government services at the touch of a button. This was preceded by massive computerisation and strengthened technology base in the management of public services. The ambit of administrative reforms in the United Kingdom included establishment of information systems in the principal areas of government departments like personnel records, finance, physical resources and procurement. An integrated approach to MIS was followed so as to share the available information between different government departments. Efficiency units were set up to determine departmental needs and recommend most suitable MIS for different governmental agencies. A body called the Government Centre for Information Systems was created for promoting effectiveness and efficiency in government through the use of information systems.



## PRESENT STATE OF MIS IN INDIA

*Ills plaguing the present system*

16.3 Despite recent changes, government offices have not so far adopted Information Technology in a big way. Collection and compilation of information in government is being done on a very large scale by way of filing various returns, which engages most of the time of field functionaries. However, this vast information is not fully utilised because of its bulk and its delayed availability. In government departments information technology is mainly used for document processing. While such systems have improved the efficiency of operation of processes of a repetitive nature, they have not been used either for decision-making or for planning, because of which the scope for enhancing the effectiveness of organisations as a whole has been extremely limited. Most of the departments have taken up computerisation of their operations in isolation and at times their systems are not compatible with the overall computer network of the government being operated by NIC. There is no effective mechanism for exchange of information between various ministries/departments. At times, the left hand does not know what the right hand is doing. The bulk of information gathered by the government machinery is not, therefore, utilised efficiently and effectively. Quite often, information, in spite of being available, has to be collected from the concerned offices due to cumbersome system of retrieval or the same information is sought more than once by the same office. The information so collected is hardly used for monitoring of projects or for taking corrective action or even to update data inputs for policy makers.

*Desirable attributes*

16.4 Today the government machinery needs an MIS which will reduce duplication of efforts, streamline operations, make standard, accurate and timely information readily available at all levels, integrate government operations across the country, and take care of routine and repetitive processes which presently account for nearly 80 per cent of all government activities. The government, in its role as facilitator, should also make relevant data available to the private sector to facilitate its business interests, within the country and abroad.

## RECOMMENDATIONS

*Developing a computer network*

16.5 Each ministry/department should identify the type of information required at various levels for its designated functions and identify the sources for its collection. Thereafter an integrated software should be developed which should compile information fed by various sources and process it to facilitate its retrieval in the desired format by various functionaries. This will eliminate duplication in data collection, its compilation and transmission. The NICNET of the National Informatics Centre, which covers all the district headquarters in the country, should be utilised by all the ministries and departments of the central government. A common software should be devised by NIC for all govt. departments so that the systems being followed in different departments remain compatible. Even if individual departments have to develop specialised programmes for their specific functions, care should be taken to make their language compatible. The computers of various offices/departments should be networked so as to facilitate interchange of information between different offices/ departments/ ministries of the

government. NICNET, Internet connectivity should be provided to heads of all field organisations. Proper safeguards should be incorporated within the system so that only authorised officers can access the information, to prevent misuse or leakage of information available.

*Devising new forms for submission of information*

16.6 New formats should be devised for collecting information from field units by the head office/ministry. These monthly formats should be exhaustive and contain complete information so that the need for calling details repeatedly from field offices is obviated.

*Departmental and functional management control systems*

16.7 A new system should be developed for departmental and functional management control. The system should interact extensively with information generated at the operations level to summarise and present it in the desired format. The reports generated by this system should cater to both routine as well as ad hoc queries essential for decision-making.

*Planning and control systems*

16.8 For purposes of strategic planning and control at higher levels, a suitable information system consisting of related information from external sources supplemented with data extracted from the operational level of the department should be devised. This system should have an inbuilt capacity to cater to a large number of unstructured and unanticipated requests and should be able to support 'What-If' analysis to enable users to develop their own models.

*Specialised software*

16.9 Government departments should be given specialised software to perform functions which can lead to better analysis and result in time-saving.

*Amending the existing procedures*

16.10 Necessary modifications should be made in the current systems and procedures of the government to make them adaptable to computerisation and MIS.

*Data Intelligence System*

16.11 The data collected by government is quite exhaustive and can be of great use for private entrepreneurs in planning their operations. The government should develop a system whereby data having commercial value can be made accessible to private sectors for commercial use.

# *Section III*

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## *Human Resource Development*

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164A

164B

## Recruitment

### *Introduction*

17.1 Recruitment to posts in Government has become increasingly difficult in the context of the growth of the private sector, which is now in a position to provide much better remuneration and perquisites as compared to those offered by government for comparable positions. The age-old prestige attached to Government service and the associated job security would not appear to be adequate incentives to attract the best amongst the job seekers. Delay in completion of the recruitment process also has an adverse impact on the timely availability of personnel to man vacant posts. A review of the recruitment procedures and methodologies would, therefore, appear to be necessary.

### METHODS AND AGENCIES FOR RECRUITMENT

### *Various methods of recruitment*

17.2 Different methods of recruitment prevalent in Government for filling vacancies in different categories are (i) promotion (ii) direct recruitment (iii) deputation (iv) transfer (v) re-employment and (vi) short term contract. The recruiting agencies of the Central Government are involved in varying degrees in the recruitment process.

### UNION PUBLIC SERVICE COMMISSION

### *Recruitment through UPSC*

17.3 The Union Public Service Commission (UPSC) is a statutory body established under the Constitution. Article 320 of the Constitution contains details of matters which would require consultation with the UPSC. This provides inter alia, that all matters relating to methods of recruitment and principles of promotion that need to be followed for the civil service and civil posts shall need a reference to UPSC. However, based on convention and explicit Government orders, certain other matters have also been brought under the purview of the UPSC. These include proposals for upgradation/downgradation of posts, constitution of DPCs for promotion to posts in Central Civil Services and Group 'A' posts based on the principle of selection and not on seniority-cum-fitness, special recruitment to the scientists pool, etc.

17.4 Similarly, the UPSC (Exemption from Consultation) Regulations, 1958 specify the matters which are excluded from its purview. These envisage that if the rules governing recruitment to the civil service or civil post concerned do not explicitly provide for consultation with UPSC, it is not necessary to consult the Commission in regard to selection for appointment in the following categories:-

- (a) to a post included in an All India Service, of any officer who is already a member of an All India Service;
- (b) to a post included in the Group 'A' Central Service, of any officer in the Armed Forces of the Union and any officer who is already a member of an All India Service or a Group 'A' Central Service;
- (c) to a Group 'B' Central Service or a post included in a Group 'B' Central Service, of any officer who is already a member of a Group 'B' Central Service, or a Group 'C' Central Service or of any officer in the Armed Forces of the Union; and
- (d) to a tenure post included in a Group 'A' or Group 'B' Service, of an officer of a State Service.

It is also not necessary to consult the Commission in regard to selection for temporary or officiating appointment to a post if such appointment is not likely to continue beyond a period of one year.

17.5 In the context of the increase in the work-load of the UPSC responsible for direct recruitment to a large number of posts and of the inordinately long time, ranging from 12 months to 24 months, taken in completing the recruitment, it will be appropriate to reconsider the entire question of involvement of the UPSC in recruitment to all civil posts in Groups 'A' and 'B'. The question whether the UPSC needs to be consulted at all in respect of certain categories of posts needs to be considered afresh by the Government. Alternatively, Government could also consider the option of expanding the UPSC, opening regional branches of UPSC or establishing other Commissions. But on consideration of the various options, we feel that the best course of action would be to reduce the workload of the UPSC by exempting more categories of recruitment from its purview. Such consultation should be restricted only to recruitment of large numbers to organised services or cadres through competitive examinations, conducted at the national level. This would cover the Civil Services, Engineering Services, Central Health Service, etc.

17.6 In addition to making large scale recruitment to various organised Services/Cadres, the UPSC also recruits personnel to a large number of individual or isolated posts. Whereas UPSC has evolved standard procedures for recruitment to the organised Services, and is able to complete the process within a stipulated time frame, inordinate delays occur in cases of recruitment to individual or isolated posts. In the circumstances, the involvement of the UPSC should be dispensed with if the number of posts to which recruitment is to be made is less than 15 and the ministries themselves may be authorised to make recruitment. The Departmental Recruitment Committees constituted for the purpose should, however, associate outside experts. On reduction of its workload, the UPSC will

then be in a better position to adopt innovative methods of recruitment by modifying the present procedures and methods, and adopt other initiatives, such as campus interviews, walk-in-interviews, association of private recruitment agencies etc. so as to expedite the process of recruitment.

### STAFF SELECTION COMMISSION

*Other Agencies  
for recruitment*

17.7 In addition to UPSC, Government of India has set up Staff Selection Commission, Railway Recruitment Boards and other agencies and entrusted them with the responsibility of recruitment to Group 'C' posts in Central Ministries, Departments and their attached and subordinate offices and for recruitment to certain specified Group 'B' posts like Assistants and Stenographers in the Central Secretariat. Vacancies in Central Government Establishments other than those filled through the UPSC or agencies like Staff Selection Commission are filled by the respective departments through notification to the nearest Employment Exchange and no department can fill any such vacancy by direct recruitment, unless the Employment Exchange issues a non-availability certificate. In the event of a conscious effort to reduce workload on UPSC, as recommended by us, the recruitment responsibilities shall need to be increased for Staff Selection Commission. Also, Ministries, Departments and subordinate organisations should themselves take up more recruitment responsibilities. Government should evolve procedures about nomination of experts, if necessary out of panels maintained by UPSC/Staff Selection Commission, to the selection committee to be constituted by Ministries/Organisations for this purpose. We do not suggest creation of another agency for recruitment by Government. The Staff Selection Commission, which has already opened many regional offices, needs to be expanded further to take over more responsibilities. This coupled with the responsibilities passed on to the Ministries/Organisations themselves will ensure speedier recruitment in Government.

### PROMOTIONS

*Involvement of  
UPSC in  
promotion*

17.8 The UPSC is generally associated in finalising promotions at various levels in different services and cadres. It is necessary to review the different service rules with a view to ensuring that these do not contain provisions for consultation with the UPSC in respect of posts specifically exempted under the UPSC (Exemption from Consultation) Regulations, 1958. In addition, the regulations should be amended to provide that consultation with the Commission shall not be necessary in regard to selection for appointment to posts in scales of pay below or above the Senior Administrative Grade (Rs.5900-6700) in all Services/Cadres. The present practice of consulting the UPSC in cases of promotion from a Group 'B' post to a Group 'A' post should however, continue. Promotions to posts below the Senior Administrative Grade should be decided by the individual Ministries themselves, who need to be authorised to constitute DPCs irrespective of the fact whether the promotion is to be made by the selection or non-selection method. Association of a representative of the UPSC in the DPCs need not be insisted upon. In short, the UPSC should be consulted for promotion only at the time of promotion from Group 'B' to Group 'A', or from a lower post to Senior Administrative Grade in Group 'A'. All other promotions should be done by

the Cadre Controlling authorities themselves. Recruitment Rules should be reviewed to provide for composition of the DPCs in the manner suggested in this paragraph.

### REDUCTION OF TIME LAG IN RECRUITMENT

*Time taken*

17.9 It has been brought to our notice that because of the inordinate delay in selection of personnel by UPSC, Staff Selection Commission, etc., the selected candidates lose interest and do not often join the posts. As a result, the vacancies remain unfilled for a considerable time, affecting normal functioning of Government offices. The present time lag between the notification of vacancies and issue of offers of appointment to candidates is very long and ranges between 15 and 24 months. There is a definite need to reduce this time lag. Besides, reserve panels should also be prepared by the recruiting agencies so that alternative panels could be made available to the indenting ministries wherever necessary. We feel that measures suggested in the succeeding paragraphs should be adopted with advantage by the Government departments and recruiting agencies to improve the situation.

*Manpower planning*

17.10 Departments/Ministries should do proper and scientific manpower planning with a view to ensuring that projections are made for vacancies likely to arise in the next five years or so. While making the projections, it should be ensured that all relevant factors like past trends of resignations within a year of appointment, candidates not accepting offers of appointment, unforeseen vacancies, etc. are duly taken into account. Recruiting agencies should initiate recruitment action on the basis of the projected vacancies, which may be subjected to modification based on an annual review of the projected five year manpower plan. Indenting departments should intimate the number of vacancies and changes therein directly to the recruiting agencies, with a copy to the cadre controlling authority.

*Maintenance of Panels*

17.11 Recruiting agencies should prepare a panel to cater to the vacancies notified by the indenting departments and, based on past trends and experience, the size of the panels should be so determined as to ensure that the requirements of the indenting departments are fully met-out of the panels. In cases of regular annual selection through competitive examinations, the currency of the panel should be valid till the panel on the basis of next annual examination is available. Vacancies resulting due to resignation or death of an incumbent within one year of his appointment should be filled immediately by a candidate from the reserve panel, if a fresh panel is not available by then. Such vacancies should not be treated as fresh ones.

*Provisional appointments*

17.12 The concept of provisional appointments needs to be introduced in Government to ensure that candidates selected by recruiting agencies are immediately appointed, on a provisional basis for a period of three months, without waiting for the completion of their medical examination and verification of character antecedents. The Temporary Service Rules would require amendment to provide that such provisional appointments could be terminated at any time without assigning any reasons. All efforts should be made to complete the medical examination and verification of antecedents during the period of three months that the provisional appointment would be valid.



*Prompt  
cancellation of  
offers in cases  
of delay*

17.13 The time limit within which the selected candidates are required to report for duty should be drastically reduced and the offer of appointment to a candidate who fails to join within the period stipulated should be cancelled without assigning any reason.

#### OTHER MATTERS

*Age relaxation*

17.14 Demands have been made that the maximum age limit prescribed for direct recruitment to various posts should be increased. Besides, further relaxations of age have also been sought to enable departmental candidates to apply for appointment to posts filled by direct recruitment in their own departments and outside. We feel that the present provisions in this regard are adequate and further liberalisation is not necessary.

*Recruitment  
through specific  
tests*

17.15 It has been represented that, instead of placing an excessive reliance on the performance of candidates in university examinations, which is often not a very reliable indicator, recruitment to posts in government should be based on examinations or tests specifically conducted by the recruiting agencies for this purpose. It has been pointed out in this context that the standards adopted by different Boards and Universities for evaluating students are also not uniform. We feel that the apprehensions underlying the demand are genuine and the only way to overcome the problem would be to ensure that the suitability of candidates for appointment to posts is determined on the basis of specific tests or examinations conducted by the recruiting agencies themselves.

## *Mobility Between Government and Other Sectors*

### *Introduction*

18.1 Mobility of employees refers to their capacity, in terms of flexibility ii. service conditions, to move in the course of their career to other services or posts in the Central Government itself, or in State Governments, public enterprises, autonomous organisations, international agencies, foreign governments and even the private sector. Conditions of service of government employees, particularly those relating to forwarding of applications, retention of lien in the parent department while working in other departments/ organisations, transfer of pensionary benefits in cases of permanent absorption or transfer, etc., have been liberalised and improved periodically so as to remove impediments in their movement to other sectors. But the extent of mobility is as yet quite insubstantial.

### *A liberal exit policy*

18.2 A number of demands have been received by us urging that a liberal exit policy should be formulated to enable Central Government employees to accept employment in the private sector or abroad while retaining their lien in their parent departments. It has been contended that, apart from earning foreign exchange for the country, this would also help in restricting the size of government organisations. It has been suggested in this context that employees should be sanctioned extraordinary leave for the purpose, as is being done by certain State Governments like Kerala and West Bengal, as well as some public enterprises. Lateral entry of persons from other sectors into government service has also been advocated.

### *Position in State Governments*

18.3 In Kerala, State Government employees are permitted to avail of leave without pay and allowances, whether continuously or in broken spells, for a total period of 15 years to accept alternative employment either within the country or abroad.

### *Position in PSU*

18.4 The National Hydroelectric Power Corporation Limited permits, on a selective basis, its employees who have been declared surplus to retain their lien for a period of two years to enable them to secure alternative employment in private organisations. Employees of Himachal Pradesh State Electricity Board are

permitted to accept assignments in companies in the private sector which have entered into memoranda of understanding with the State Government. Such assignments are normally tenable for two years, but can be extended up to five years. The period is treated as dies non for all purposes.

*Present position  
in the Central  
Government*

18.5 In terms of the Central Civil Services (Leave) Rules, 1972, not more than five years' leave may be sanctioned at a time to Central Government employees. These further prohibit the employees from accepting any employment either within the country or abroad or undertaking any commercial activities while on leave.

*Retention of  
lien for  
employment in  
private sector  
- our  
recommendations*

18.6 After careful consideration, we are of the view that it may not be desirable, as a general principle, to permit all government employees to accept employment in the private sector or abroad while retaining their connections with the Government. Quite obviously, acceptance of the demand would be detrimental to the interests of efficiency in government. The existing provisions in the rules requiring them to resign from government before accepting such employment are considered to be salutary and deserve to be retained. It may, however, have to be recognised in this context that many employees are apprehensive about exploring alternative careers in other sectors because of the uncertainties involved and doubts about their being able to adjust in an alien work environment. One of the major thrust areas of the Commission is also to devise measures for rightsizing the government machinery. For this purpose, it may be essential to ensure that exit from the government sector is easy and painless. Therefore, as an experimental measure, certain specified categories of employees could be permitted to retain their lien in their posts in government for a very limited period, say two years, while being employed in the private sector or abroad. During this period, it should be possible for them to make the transition from the government sector and to adjust themselves in the new work environment and to decide whether they would prefer to continue in their new assignment after resigning from government service or return to the post earlier held by them. This measure could conceivably act as an incentive for persons to consider quitting government service after being exposed for a limited period to a new work culture and environment. To begin with, this facility could be extended only to those categorised as Executives.

*Forwarding of  
Applications*

18.7 The present rules governing the forwarding of applications for alternative employment from serving employees are considered to be adequate. These provide enough mobility while safeguarding, at the same time, the right of government to retain such of those employees as have been trained in specialised fields at government expense and are, therefore, obliged, in terms of bonds executed by them, to serve government for specified periods. They are not restrained, however, from accepting employment in State Governments, public enterprises and quasi-government organisations. In such cases, the bonds are transferred to the concerned organisations.

*Exemption from  
appointment on  
Permanent  
Absorption in  
Autonomous  
Organisations*

18.8 At present, Central Government employees can accept appointment in a public enterprise or autonomous organisation only on severing all connections with government. In view, however, of the fact that this restricted the capacity of those autonomous bodies which had only small cadres to obtain the services of personnel in specialised fields, detailed guidelines have been issued by government listing the cases in which exemption can be sought from the applicability of the

provisions relating to permanent absorption in so far as appointments in autonomous organisations are concerned. Besides, appointments of Chief Executives and the zonal and regional chiefs on deputation for a period of five years are also permitted in those Central public enterprises which are required to maintain continuous liaison and ensure coordination with State Governments and in cases where the expertise acquired in the State Governments is considered essential for organisational efficiency. In the specified cases, the autonomous organisations concerned are required to obtain the necessary exemption from the Department of Pension and Pensioners' Welfare. We are, however, of the view that once the guidelines themselves specify the cases where the requirement of permanent absorption may be dispensed with, a formal exemption from the Department as envisaged should not be necessary. Instead, the autonomous organisations may be given the discretion to appoint Central Government employees on deputation to the specified posts.

*Transfer of  
pensionary  
benefits*

18.9 Reciprocal arrangements presently exist to ensure that the services rendered by a Central Government employee in a State Government and vice versa are counted for pensionary benefits. The earlier provision in the rules which required the transfer of the pro rata pensionary liability to the borrowing government has now been deleted. On the same analogy, it has been demanded that this provision, which still exists, should be dispensed with in the case of appointments in autonomous organisations as well. This is on the ground that the autonomous organisations are fully funded by government grants. However, appointments in autonomous organisations, irrespective of the source of their funds, are not comparable, with those in the Central or State governments. The present arrangements in this regard may, therefore, continue.

*Lateral entry  
in Government  
Service*

18.10 Lateral entry of persons from other sectors into Central Government service could also be considered as the experience and expertise gained by them could be utilised with advantage in government. They must be encouraged to join on a time bound contract basis.

## *Need for Contractual Employment*

### EMPLOYMENT

#### *Introduction*

19.1 One of the main points of criticism against government employees is that once they are appointed, they are there for life and no one can get rid of them. It is, therefore, necessary to see how in the new atmosphere of liberalisation, we can devise novel methods of recruitment which would not necessarily involve life-time employment. Contractual employment is the obvious alternative.

#### *Present position in Government*

19.2 Appointments on contract are generally not resorted to in the arena of public employment in the Government of India, except in a few areas requiring specialisation. A contract appointment is one under which an employee signs a legal contract with his employer to perform assigned tasks for a specified period on the terms and conditions (including remuneration and perquisites) specified therein. The need for contract employment particularly arises when a project work of a purely temporary nature is required to be undertaken for completion within a specified period or certain specialised skills and inputs are considered necessary for short durations. Generally, recruitment to all posts in government, which are likely to continue beyond a period of one year, is made on a regular basis, the general understanding being that persons so recruited shall continue in service on a long-term basis. Thus persons recruited for temporary jobs are shifted to another project or jobs of temporary nature and they are ultimately assimilated in the permanent work force.

#### *Why we need contract employment*

19.3 There is, therefore, a crying need to recognise time-bound temporary contract employment as a legitimate and accepted form of employment. The need for such employment also arises in the context of labour laws and general attitudes of courts, which had to protect the interests of labour and convert casual workers into permanent regular employees even if they are recruited for specified jobs on a purely temporary basis. Providing security in employment thus assumes greater importance than ensuring that the work of the Government is done at the minimum possible cost. The need for contract employment is also felt for the purpose of lateral entry for various positions at senior level where services of an expert in a

particular area of specialisation are needed. Such outside talent brings a whiff of fresh air into the musty corridors of Government and deserves to be encouraged.

### SCHEME FOR CONSULTANTS

*Details of the  
scheme for  
engagement of  
Consultants*

19.4 A form of appointment for temporary work that is prevalent in the Government of India is the scheme of engagement of Consultants to undertake specific jobs of a specialised nature. Consolidated instructions on the subject were issued by the Department of Personnel & Training in their O.M. No. 16011/6/93-Estt (Allow) dated 31st December 1993. These stipulate that Consultants can be appointed to the extent of 10% of the total number of posts at the level of Joint Secretaries and above within a Ministry, including attached and subordinate offices. In the case of the Planning Commission, this restriction can be relaxed up to 25 Consultants in all. In the case of appointment of retired/retiring employees as Consultants, their total number in a Ministry/Department is not to exceed two at any given time. Employment of such Consultants is not to be made for work of a regular nature. In case this is resorted to under exceptional circumstances, the post earmarked for such work is required to be left vacant. The maximum period for which such appointment can be made is not to exceed two years in case of employment of outside experts and 6 months in the case of retired/retiring employees of the Ministry/Department. However, this scheme does not respond to the need for contract employments at all levels in Government, whenever work of a temporary nature arises.

### COMPARATIVE POSITION ELSEWHERE

*Position in Other  
countries*

19.5 Temporary work is a common form of employment both in industrial and developing countries. According to a report of the International Labour Organisation (ILO), in some developing countries, the percentage of temporary work ranges between 30 and 50 per cent of the total employment, while in the industrialised countries, an average of 10-20 per cent is most common. Governments of most developing countries readily acknowledge the deployment of temporary personnel, though only very limited statistical data are available on such deployment. In certain developing countries like Bahrain, Kuwait, Zimbabwe, etc., which have a significant number of expatriate non-technical advisors, the only legal manner in which they can be recruited is on temporary contract. Contract employment for temporary work is regarded as very useful in structural adjustment programmes in the context of reforms in public service, reduction in size and reduction in job security. Contract employees, who are more vulnerable to termination than workers with a permanent status, go first when staff cuts are unavoidable. Any reduction in the workforce in the light of an economic crisis is easier to implement if the proportion of temporary workers is higher. It is easy to ensure smooth structural adjustments in a situation necessitating reduction in the size of the public service. Some countries, however, discourage temporary employment on the ground that most of the personnel recruited for temporary work lack professional skills and are not recruited by competition. The legal framework for such employees is also being constantly improved upon in a manner that they do not retain only a temporary status for a long time and, even while on contract, service conditions are more or less at par with those of permanent employees.

*Position in  
private sector*

19.6 Appointments on contract are comparatively more popular in the private sector in India. The contract form generally used in the corporate sector for employment at higher levels provides in detail the duties and responsibilities, remuneration including perquisites like accommodation, office equipment at home, soft furnishing of home, servants, etc. It also provides for conditions of termination of service. Whereas a notice of two months is generally prescribed for termination of services from either side, services can be terminated by the employer without any notice when the employee is found to be guilty of misconduct, unpunctuality, neglect of duties, unauthorised absence, breach of confidentiality, etc. Such contracts also have a clause about applicability of current Indian legislation on employment contracts.

### OUR RECOMMENDATIONS

*Recognition of  
contractual  
employment*

19.7 Taking into consideration all the factors discussed in the preceding paragraphs, we recommend that employment on contract basis in Government needs to be recognised as one of the legitimate forms of employment and should be resorted more frequently in certain situations like (i) replacement for temporarily absent personnel for a considerable duration ranging from one to five years (ii) time bound special projects, which are not likely to continue (iii) specialised jobs not normally required and (iv) for the purpose of maintaining a certain flexibility in staffing both for the purpose of lateral entry of experts, moderating the numbers deployed depending on the exigencies of work and ensuring availability of most competent and committed personnel for certain sensitive/specialised jobs.

*Amendment in  
regulations*

19.8 At present, appointment against any post likely to continue beyond a period of one year is to be made on regular basis through UPSC, SSC, Employment Exchange etc. In case contract appointments are to be made by concerned Ministries/Departments, it shall be necessary to amend the UPSC (Exemption from Consultation) Regulations, 1958 to provide for exemption of all job-specific contract employment, which is to be continued up to a maximum period of 5 years. Regular appointment through UPSC should be required to be made only where it is likely to continue beyond a period of five years.

*Amendment in  
labour laws*

19.9 It may also be necessary to amend the labour laws in the country to send a clear signal to the courts that short-term employment should be recognised as a legitimate mode of engagement of labour, and job security should not be accorded the preponderant attention that it has received in the past.

*Model Agreement  
Forms*

19.10 The Model Agreement Forms circulated by Ministry of Finance in 1955 for contract appointment shall need a re-look and updating in the context of changes in employment/labour laws during the last four decades. The model should also provide for the description of duties/specific details of the job for which such contract employment is to be made.

*Modifications in  
the scheme for  
Consultants*

19.11 The scheme of the Government for engagement of consultants should be modified to provide for such appointments on contract basis. There should be a provision that the appointment of a consultant on contract basis should be made only after proper notification/due publicity of the vacancy and should not

be made in an arbitrary manner. Similarly, appointment of retired officers of the Ministry as consultants on project posts funded by UN/bilateral agencies should also be brought within the framework of present guidelines on engagement of consultants about tenure, proper notification/publicity for appointment etc.



## Training and Development

### IMPORTANCE

20.1 All the recommendations on administrative reforms will work only if a proper training programme to effect necessary changes in the work ethos of government officials is designed and implemented. The proposed re-structuring of the government offices and work procedures would cause a large scale re-deployment of existing staff-especially those in group 'D' and 'C' categories -who will have to be re-trained for taking up new jobs. In the new environment with emphasis on "customer orientation", attitudinal changes in the supervisory and executive cadres would also be necessary. Besides, training facilities will also be required for responding to rapid technological changes taking place at present.

### EXPERIENCE OF OTHER COUNTRIES

#### *Training mechanisms in other countries*

20.2 In countries where civil services reforms have been undertaken in the recent past, the importance of training as a significant means of improving the human potential and increasing the efficiency of employees has been acknowledged.

#### *Canada*

20.3 In Canada, despite a series of cut-backs in operating budgets, expenditure on training and development has been maintained at previous levels or even increased. Employees are given total freedom to opt for a training of their choice. A substantial part of the training effort is delegated to individual departments. Public servants undergoing training in colleges etc. in their own time are reimbursed part of the cost incurred thereon and employees are encouraged to organise briefings and information sessions in their free time.

#### *United Kingdom*

20.4 In the United Kingdom, greater responsibility for training and development of employees is delegated to individual departments. The focus of training has been shifted to bring about necessary changes in the skills for better customer service. Training courses are devised on the basis of practical experience of different business houses which have improved their performance through proper training of their staff. Simultaneously, employees are encouraged to identify

their own job-related development needs and managers are given the responsibility for regularly catering to such needs.

*Malaysia*

20.5 In Malaysia, training has been identified as a vital component in the implementation of the total quality management concept and the clients' charter. Provisions are made for training at all levels in the civil service. Attachment programmes to send Government employees to certain specified business houses in the private sector for exposure to practical aspects, practices of management and intricacies of business operations have been initiated.

### **THE PRESENT SYSTEM IN INDIA**

20.6 The Indian Government has taken numerous steps to provide training facilities to its employees. Direct entrants to Group 'A' services undergo several institutional and in-service training programmes. Such programmes for Group 'C' and Group 'D' personnel are, however, less common. A Central Training Division exists in the Department of Personnel and Training which is responsible for promoting and coordinating training programmes of the different Central Ministries and Departments, providing guidance and help, sponsoring or arranging training courses on aspects common to different services and maintaining liaison with the States. This Division is also responsible for the training of Trainers and Coordinators of different Departments and Ministries.

20.7 In the government, there are various institutes conducting different training programmes. The Lal Bahadur Shastri National Academy of Administration at Mussoorie imparts training to IAS officers. Apart from conducting training programmes for fresh IAS probationers, it runs refresher courses for senior IAS officers. A week-long vertically integrated training is also being imparted annually to all IAS officers. There are other specialised institutions like the National Academy of Direct Taxes, Sardar Vallabhbhai Patel National Police Academy, etc. which provide training to officers of the IPS/Central services. These academies run foundational courses for direct recruits to the All India and non-technical Central Group 'A' services.

20.8 There are autonomous institutes like the Indian Institute of Public Administration, Administrative Staff College of India etc. which conduct several courses on administrative leadership, policy planning and so on. Some State Governments have set up training institutes for specialised courses. A large number of officers are also nominated for training abroad.

### **LACUNAE IN THE EXISTING SYSTEM**

20.9 Training in India suffers from the twin ills of low priority and ad hocism. There is no well thought out perspective plan for training. Frequently there is no integration between training and performance or career development. Modules imparting the spirit of "customer orientation" amongst government employees are sadly lacking. The priority assigned to training is low and more often than not, an official is sent for training only because he happens to be free. Training needs of the staff are seldom identified. Due to lack of proper incentives, a posting as a faculty member of a training institution is not valued. Feedback

obtained from the trainees is not properly analyzed, and this leads to perpetuation of ineffective training programmes. While individual training divisions for imparting specific training have been created in some large ministries/departments, these do not exist in smaller departments.

### RECOMMENDATIONS MADE IN CONSULTANCY REPORTS

20.10 In the sponsored study on 'Restructuring the Government office', Indian Institute of Technology (IIT), Delhi as well as Tata Consultancy Services (TCS) have made certain observations on this subject. IIT has observed that the present level of skills among the staff of government offices is very moderate, thereby indicating a need for better training. The training needs of staff are seldom identified and there is a growing need for adequate training mechanisms for multi-skilling and redeployment of staff. TCS has proposed setting up of a training division in each department, which should compile an inventory of knowledge, skills and attitudes required for performing different jobs so as to rectify any gaps by proper training in a planned manner. The need for establishing a system for proper feed-back and periodical assessment of the impact of training being given to the employees, as well as linking training with other HRD functions like performance appraisal, promotions, recruitment, etc. has been emphasized.

### DEVELOPING A NEW SYSTEM FOR TRAINING AND DEVELOPMENT

*General Strategy* 20.11 In the liberalised scenario where the government has to reduce its size while simultaneously increasing the productivity, the thrust of training for group 'C' and 'D' employees, which form a bulk of the work-force, will have to be towards multi skilling. All group 'D' staff should be trained in different skills so that they can simultaneously perform various functions presently being carried out by a plethora of auxiliary staff. In the case of group 'C' office staff in the Secretariat, proper training, enabling them to perform all the functions of executive assistants, should be devised. This should include training in use of computers and other modern office gadgets, shorthand, typing, drafting, noting and attending to phone calls. For group 'A' and 'B' employees, the emphasis has to be on bringing about an attitudinal change which is crucial to the success of the administrative reforms. Some specific recommendations on different aspects of training and equipment follow.

*Creation of Training Groups under HRD* 20.12 An adequately equipped training group for analyzing regular training needs as well as for arranging department-specific, post-specific and individual- specific training should be created in every department as part of the Human Resource Development team. This group should work out a detailed training plan specifying the kind of training required for each level and identify suitable training institutes and trainers therefor.

*Common courses for all Services* 20.13 DOP&T has already identified a number of institutes for running general training programmes funded by it. These institutes should run common courses for different services/departments so as to bring about a better interaction and commonality of approach between them.

<i>Foundational Courses</i>	20.14	Presently LBSNAA, SVPNPA and NADT conduct foundational courses for all direct recruits to the All India and non-technical Central Group 'A' services. Lately IAS recruits are only sent to LBSNAA for the foundational course and only the recruits of the other All India and Central Group 'A' services are sent to the other two academics. This defeats the very purpose of the foundational course. <b>We recommend that all probationers, irrespective of their service, may be distributed equally amongst these three academics. Further, direct recruits to Central Group 'A' technical services may also be sent for these foundational courses.</b>
<i>Linkage with Private Sector</i>	20.15	There is a crying need for exposing government employees to the work processes, mode of functioning and pressures existing in private sector jobs. Accordingly we favour initiation of a new scheme of attachment of Probationary executives of the Government to certain selected and efficiently run private sector organisations for short durations. During this attachment, the probationers should be asked to perform some specific tasks which should be assessed for incorporation in their appraisal sheets. Short duration workshops and seminars with top ranking managers of private sector should also be organised for senior executives of the government in order to facilitate exchange of ideas and experience.
<i>New methods</i>	20.16	<b>New methods for imparting training should be evolved and, as far as possible, employees should be allowed to choose their own training schedule.</b>
<i>Linkage with Career Plan</i>	20.17	There has to be a direct relationship between the career plan of an employee and the training imparted to him. Although the present performance appraisal form has a column for training undergone and future training needs, not much importance is attached to it. <b>We recommend that various training courses undergone by an employee should be counted for assigning proper gradings at the time of promotion and deputation to posts should be linked to the officer having successfully completed training in a related field. Besides, refresher training courses tailor-made for honing the skills required for handling specific levels may be conducted at regular intervals. All officials, after putting in specified years of service, should undergo these courses mandatorily, followed by a test. Employees who fail to clear the test even after two attempts should be classified as unfit for promotion. Furthermore, certain prestigious courses should be evolved on the Staff College pattern in the defence services, to which only officers whose performance has consistently been outstanding and who have been identified as potential leaders for the future are sent. Such officers, on successful completion of the training, should be picked up for manning the most sensitive and important assignments in the departments.</b>
<i>Foreign training</i>	20.18	There is a clamour amongst government officials to rush for any kind of foreign training, irrespective of the fact whether it is related to their work or not. This tendency needs to be curbed. <b>We recommend that government officials should be sent only to such foreign courses and training as have a direct relationship to their work and can be used for developing their skills further.</b>
<i>Training of</i>	20.19	In view of changes envisaged in the functioning of the government

*Training of  
executives as  
facilitators*

20.19 In view of changes envisaged in the functioning of the government, there will be need for carrying out refresher courses for executives at all levels, for effecting attitudinal changes to prepare them for taking up the role of "facilitators" instead of being mere regulators.

*Special kinds of  
training*

20.20 In the case of professional services like medical and engineering, there is a need to introduce a proper training schedule at the middle level for broadening their horizons, updating their technical skills and fitting them for higher policy assignments. Similarly, in generalist services, there may be a need to re-orient them towards broad sectoral specialisations at a certain stage in their careers.

*Feedback*

20.21 Adequate review mechanisms for gauging the effectiveness and relevance of training programmes have to be developed. All training divisions should establish a system for receiving a proper feed-back on the effectiveness of a course from participants. Based on such feed back, the training divisions should develop mechanisms for pinpointing any lacunae in their training programme and institute immediate remedial action.

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## Performance Appraisal

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### *Objective*

21.1 Performance Appraisal covers a broad ground and could be defined as the overall methodology by which an organisation is entitled to assess the performance and capability of an individual employee. Such appraisal is made every day, every hour, every minute by the superiors, colleagues, subordinates, clients, the courts, the media, members of the public. Organisations have periodic review meetings or are monitoring performance through which the performance of individual officers can be adjudged. But the chief, most commonly used, weapon is the Annual Confidential Report.

21.2 Annual Confidential Reports on the performance of government servants provide the basic inputs for assessing their suitability for being confirmed in service, crossing efficiency bars for drawal of further increments, promotion, deputation and other special assignments. Aimed primarily at improving the performance of employees, the main focus of the report is envisaged as being developmental rather than merely judgmental. It is intended to be true indicator of the strengths and weaknesses as well as achievements and shortcomings of an individual government servant and is thus an essential tool for proper personnel management. The system of writing annual confidential reports, therefore, has two principal objectives, which a Reporting Officer should be clearly aware of. The first is to improve the performance of the subordinate reported upon in his present job and the second is to assess his potential and prepare him, through appropriate feedback and guidance, for further advancement.

### *Present position*

21.3 Major changes were introduced in the system of writing the confidential reports on three occasions in the past in 1975, 1978 and 1986. The format of the Report currently in force was introduced in 1986 after detailed deliberations in a workshop organised in the context of certain demands from the Staff Side in the National Council of the Joint Consultative Machinery that there should be greater openness in the system, assessment of the fitness of lower level functionaries for promotion should be dispensed with, etc. This format is based on the concept of 'management by objectives' in government and is the outcome of an attempt to make the system more objective and achievement-oriented. It envisages the evolution of new work culture based on performance and results and the assessment is, therefore, both quantitative and qualitative. Instructions currently

in force also provide that the reports on Group 'D' employees need not be maintained if they are not employed on sensitive jobs

## ABOLITION OF CONFIDENTIAL REPORTS

*Discontinuance in specified cases*

21.4 We have received a number of suggestions that the Annual Confidential Reports should be discontinued. This has been justified on the ground that the system is defective and causes a great deal of dissatisfaction to the employees and that, instead of achieving the primary objective of improving employees in a positive manner, it has become an instrument of harassment and victimisation. Other suggestions in this regard are that (a) the reports should be written only during the initial ten years of service of an employee and discontinued thereafter; (b) the system may be retained only in respect of employees in Groups 'A' and 'B' and such of those Group 'C' employees as are eligible for promotion to Group 'B' posts; and (c) the reports should be discontinued in respect of posts to which promotions are made entirely on the basis of seniority-cum-fitness, i.e. by the non-selection method.

*Our views*

21.5 Quite obviously, in the absence of other effective methods of performance appraisal, it would not be desirable to restrict the writing of the Annual Confidential Reports only during the initial years of an employee's service. We understand that reports in respect of Group 'C' personnel employed in some of the State Governments are required to be maintained only if they are eligible for promotion to Group 'B' posts. We also recognise that the Annual Confidential Reports are only of limited utility in determining the suitability of personnel for appointment to posts to which promotions are made on the basis of seniority-cum-fitness alone. Though these factors might justify a review of the necessity for the continuance of the system in certain specified circumstances, the benefits under the Assured Career Progression Scheme separately recommended by us would be available only to those whose performance conforms to the prescribed standards and who fulfil all other prescribed criteria for regular functional promotion to posts in the relevant higher scales of pay. Besides, we have also recommended elsewhere in the report introduction of Performance Related Increments for all employees, including the Group 'D' personnel, purely on the basis of their performance during the year. An appropriate mechanism for the purpose will be necessary and the Confidential Reports would form the basis of assessment of performance for regulation of increments. In the circumstances, we are of the firm view that it will not be desirable to discontinue the system of Annual Confidential Reports. In fact, in the context of our recommendations aimed at improving employees' productivity and relating increase in compensation to performance, this should be reintroduced even in respect of Group 'D' personnel.

## REFORMS PROPOSED

*Summary of suggestions*

21.6 There is a widespread demand for greater openness and transparency in performance appraisal so as to eliminate, as far as possible, any subjectivity in reporting. Some of the suggestions received by us in this connection

are: (a) the contents of the reports should be disclosed to the employee concerned so that he is aware of his capabilities and shortcomings and can strive to improve his performance; (b) the performance of an entire team should be assessed whenever necessary; (c) employees should be assessed not only by their superiors but also by their colleagues and subordinates; and (d) additional monetary benefits should be provided for employees whose performance is consistently of a high order and who are graded as such. It has also been urged that more than one report with an average grading should be treated as adverse and communicated to the employee concerned. A few have also suggested, on the other hand, that the grading of employees in the reports should be dispensed with and the reports confined only to a general appraisal of an employee's performance during the year.

*Nodal Ministry's views*

21.7 The Department of Personnel and Training appears to be averse to the communication of an average report to an employee on the ground that "average" performance is not considered to be adverse though it is not complimentary. It also appears that the demand for reports on performance of employees being open documents was considered in the early eighties, when the concept of an open system was not favoured. Instead, the present system which provides for a self appraisal by the employees themselves and assessment at two levels by the Reporting and Reviewing Officers was considered to be suitable for our conditions. According to the Department, this has been working reasonably well.

21.8 We find that there is already partial openness in the Armed Forces in the system of appraisal of the performance of Officers, who are shown the assessment of their performance, excluding the observations on their fitness for promotion. Openness of varying degree has been introduced by the State Governments of Kerala, Tamil Nadu and West Bengal. Some of the public enterprises have also introduced a participative system of performance appraisal for their Executives. The trend internationally is also to place a greater emphasis on detailed job assessment of every employee and understanding between a manager and his subordinates about their duties and responsibilities, the appraisal of an employee's performance and contribution now takes place on parameters known and agreed upon by the employee. This enables the manager to be more responsive to the organisational demands and is understood to result in a more satisfied and productive work force. The traditional approach to performance appraisal, which is primarily concerned with the past and usually leads to salary review or promotion, is being replaced by a new approach, a forward looking process known as Self Development Review, having its primary emphasis on the future of the employees and the organisation.

*Our recommendations*

21.9 In order to keep pace with the significant changes taking place globally, and in the context of our emphasis on increasing employees' productivity and relating increments to performance, we are of the view that certain changes in the present system of employees' appraisal are called for. Our recommendations on the reforms necessary are contained in the succeeding paragraphs.

*Grading of overall performance*

21.10 Under the present system of grading employees as "Outstanding", "Very Good", "Good", "Average", or "Poor", the finer and more subtle distinctions between different employees are not readily discernible. For instance, an employee may not qualify to be graded outstanding, but his performance may well have been



shades better than merely very good, which would rightly justify his being considered superior to another employee who may have earned only a very good grading. Finer distinctions in grading would be of considerable utility in ensuring that the most deserving among different employees are elevated to posts, promotions to which are based on selection and merit. These would be of particular relevance in the case of appointments to executive and senior duty posts. A more exhaustive and comprehensive assessment of personnel based on a point-rating system is already in vogue in the Central Police Organisations and the Armed Forces, and even individual traits and attributes are measured against a ten-point scale. The grading system followed in respect of civilians employees is, however, somewhat restricted in its scope and ambit.

*Grading on 10 point scale* 21.11 In order to remedy this deficiency in the present system, grading of officers on a ten-point scale could be introduced for the Executive cadres. This need not, however, be as comprehensive as in the Armed Forces or the Central Police Organisations but could be confined only to the final, overall grading. The present system may, however, be retained without any change in respect of all other employees below the level of Executives.

*Rating of 6 and below* 21.12 A rating of six and below on the ten-point scale, which would have adverse implications for promotions based on selection for which benchmarks are prescribed, should be treated as being not good enough and communicated to the executive concerned. This would enable him to represent against the grading, should he feel aggrieved for any reason.

*Detailed orders to be issued* 21.13 In the context of our proposal to relate increments to performance and to facilitate the extension of financial benefits under the Assured Career Progression Scheme as well as promotions based on selection, Reporting and Reviewing Officers may be specifically required to assess and indicate the suitability of all categories of employees to (i) draw one or more increments, (ii) derive the benefits of the Assured Career Progression Scheme, and (iii) for promotion to higher posts, appropriate columns being included in the report form for the purpose.

*Openness and Transparency* 21.14 In order to ensure transparency in reporting and to serve the intended objective of providing a feedback to employees to improve their performance, partial openness may be desirable. For this purpose, the final grading of employees, as recorded in the confidential reports, should be conveyed to them. Besides, grading of an employee as "Average" is as harmful as adverse entries in the reports. This is sometimes resorted to by Reporting Officers in order to overcome the associated problem of communicating an adverse grading to the employee concerned and having to justify such grading. In the process, the employee reported upon is denied the opportunity to be aware of the quality of his performance and contribution, so as to enable him to improve or even to represent against the grading. In the circumstances, we are of the view that grading of an employee as an average performer should be treated as adverse and should be communicated. In fact, it may even be desirable to treat any grading below the benchmark prescribed for promotion to the next higher post as adverse and to communicate such grading to the employee concerned so as to afford him an opportunity to represent against an assessment that may adversely affect his career advancement. While receiving the

communication regarding an adverse entry or grading, the employee should also have access to the confidential report in its entirety.

*Employee  
Appraisal to be a  
continuous  
process*

21.15 With a view to securing greater objectivity in reporting and ensuring that the Annual Confidential Reports are more focussed and contain specific, and not vague or terse comments, assessment and appraisal of employees' performance should be a continuous process. For this purpose, officers responsible for reporting on their subordinates should maintain a weekly or monthly record of their impressions about the performance and contribution of subordinates, indicating inter alia important achievements, shortcomings, adherence to schedules for completion of specified tasks, etc.

*Assessment to  
include Teams  
and department's  
performance*

21.16 To be realistic and objective, performance appraisal should not also confine itself merely to an assessment of the traits and attributes of an individual employee. It has to be recognised that an employee does not function in isolation and that his performance and contribution are often influenced by the team and work environment in which he is required to function. Reporting and Reviewing Officers should, therefore, also endeavour to assess the performance of an individual employee in the overall context of the performance of his team including his individual performance and contribution as compared to that of other team members, as well as the entire office or department, identifying clearly the constraints in achieving the stated goals and objectives. The employee should thereafter be graded, assigning appropriate weightage for the contribution of the team and the office/department with reference to his own functional responsibilities.

*Inconsistencies in  
reporting*

21.17 If the entries in the confidential report of an employee for any particular year or period are inconsistent or entirely at variance with those recorded in the reports of earlier years, which could be attributable to bias or subjectivity on the part of the Reporting or Reviewing Officer, the employee concerned should have the right to get himself transferred to work under another Reviewing or Reporting Officer. In such a situation, the report in question should not be taken into account for determining the employee's suitability for promotion, increments, etc. However, if the reports for the subsequent year or periods are also similarly adverse, the earlier report should not be ignored.

*Assessment of  
suitability for  
advancement and  
other benefits*

21.18 Normally, Confidential Reports of the immediately preceding five years alone should be considered by Departmental Promotion Committees to assess the suitability of employees for career advancement and other benefits, unless reference to reports of earlier years is considered to be absolutely essential.

*Quinquennial  
Review*

21.19 At present, an exclusive reliance is placed on the Annual Confidential Reports for assessing the personality traits and performance of individual employees. For obvious reasons, the reports may not always reflect fully all the achievements and contribution of an employee or aspects of his functioning that may not be entirely complimentary or praiseworthy. We are, therefore, of the view that it would also be desirable to introduce a system of quinquennial review of the performance of personnel in the Executive (Group 'A') cadres by a group of officers. Apart from affording an opportunity to the executives concerned to present their achievements before the group and to dwell upon the

constraints under which they have had to function, such occasions should also be utilised to apprise them of any adverse reports on their functioning as may have been reflected in media reports, anonymous complaints, etc. and to ascertain their versions on such reports. In our opinion, the quinquennial review would reveal various facts of an executive's personality that are generally not discernible from the confidential report, howsoever objectively these may have been written. This would also be useful in determining whether the executives concerned are fit for further retention in service or whether they should be compulsorily retired by invoking the provisions of Fundamental Rule 56 (j). The group of officers to be associated with the review should be senior to the executives concerned and should have been closely associated with the departments or divisions in which the executives had worked during the period to which it relates.

*Counselling*

21.20 **Counselling of employees, which would be of particular significance in the case of employees adversely reported upon, should also form an integral part of performance appraisal.** This could be done by a group of officers intimately acquainted with the work of the concerned employee, including the Reporting and Reviewing Officers. The counselling would serve the twin objectives of providing the necessary feedback to the employees and improving their future performance.

<b>DELAYS IN SUBMISSION OF REPORTS</b>
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*Measures to  
eliminate delays*

21.21 A major problem brought to our notice is that meetings of Departmental Promotion Committees are not held in many cases because of the non-availability of the Annual Confidential Reports attributable to their non-submission by the Reporting or Reviewing Officers, which results in promotions being deferred, causing avoidable hardship to the employees concerned. We are of the firm view that employees should not suffer because of the failure of the Reporting or Reviewing Officers to ensure timely finalisation of the appraisals. Apart from obtaining special reports in such cases, it should be ensured that the schedule prescribed for the submission of self-appraisals and confidential reports is scrupulously adhered to by all concerned. The concerned employees should also be informed of the non-receipt of reports for any particular period so that they could also make efforts to have them written. The present instructions which envisage that the reports should be written even if self-appraisals are not submitted by the employees to be reported upon should be strictly enforced. Delays on the part of Reporting Officers should also be adversely commented upon in their Confidential Reports. Computerisation of data relating to Annual Confidential Reports of employees by all departments would greatly facilitate proper monitoring and follow-up action. For this purpose, every office should establish a Confidential Cell as has already been done by certain organisations like the Border Security Force, which has set up a computerised Personnel Management Information System.

## Promotion Policy

### INTRODUCTION

*Existing Policies/  
Procedures for  
Promotion*

22.1 The problem of ensuring adequate career progression of the employees in government service is a perennial one that every Pay Commission has considered. Reasonable promotion opportunities ranging from 2 to 4 promotions in one's career have generally been accepted as a norm. Similarly, the principle that the more competent amongst the employees should get faster promotion has also become an accepted principle and is reflected in the adoption of the Limited Departmental Competitive Examination (LDCE) as a method of promotion by different departments. Also, it is precisely on this consideration that a concept of 'selection' in promotion has been introduced as against the predominant method of promotion by seniority subject to rejection of unfit, which is known as a 'Non-Selection' method of promotion. A concept of bench-mark for grading of Annual Confidential Reports for promotion purposes has also been introduced with a view to ensuring that merit is given due consideration in promotion. However, in respect of a majority of Government servants, promotion is entirely dependent on availability of vacancies in the higher grades. In spite of the formulation of detailed principles to sift the brighter amongst the employees for providing faster promotions, promotions are made generally on seniority basis, as even in case of selection, most of the employees are able to obtain the required bench-mark in the Confidential Report.

### VIEWS OF PREVIOUS PAY COMMISSIONS

*Second CPC*

22.2 In view of the general practice that the promotions are based on vacancies in higher grades, disparities in promotion prospects have developed in different departments. This, coupled with a large scale stagnation in different Services/Departments, has resulted in a general demoralisation in government employees who have demanded that their career prospects should be improved. The Second Pay Commission found the reasons for such stagnation in the principle that grade structure of a service and their number were determined on the basis of the work to be done in the organisation. The extent of opportunity for promotion

was further regulated by prescribing quotas for direct recruitment and promotion determined in the best interest of efficiency of the public service. The Second Pay Commission, therefore, gave precedence to the functional requirement of public service over the career prospects of government servants for determining cadre structure of services.

*Third CPC*

22.3 The Third Pay Commission was faced with the demand of restructuring cadres so as to ensure at least two promotions in one's career. It considered the position of Group 'C' and 'D' cadres as acute and made specific recommendations for improvement in their promotion prospects, e.g. extension of study leave to Group 'C' and 'D' employees, age relaxation, creation of posts of Record Keepers, review of the need for direct recruitment at certain intermediate levels in Group 'C', introduction of departmental examinations and increase in existing promotion quotas. The Commission was, however, convinced that additional posts should be justified on the basis of functional needs and should not be created as an easy way of improving promotion prospects and for relieving stagnation. Standard of recruitment was not recommended to be diluted merely to open up promotion avenues.

*Fourth CPC*

22.4 For the problem of stagnation and inadequate promotion opportunities, the Fourth Central Pay Commission suggested provision of a rational cadre structure and elongated pay scales as solutions. Simultaneously, the Commission also felt that the system of career progression should be consistent with the functional needs and requirements of the organisation. It, therefore, refrained from laying down any rigid formulation about the number of promotions that an employee should get in his career and the length of service that should qualify for time-bound promotions. Cadre reviews were, therefore, recommended after regular intervals with a view to identifying the grades/posts which could be upgraded taking into account their duties and responsibilities, consistent with the need to promote efficiency in administration.

*Cadre Reviews*

22.5 As part of implementation of the recommendations of the Fourth CPC detailed guidelines were issued by Government for conducting cadre reviews of different services/cadres/organisations. The main thrust of the guidelines was that creation of posts in a cadre should not be solely for the purpose of improving promotion opportunities but should also be consistent with the functional requirement of these posts and improvement in the efficiency of the organisation. Review of the necessity for the continuance of a post in a changed situation with a view to abolishing all posts the continuance of which was no longer justified, and provision of matching savings for meeting the additional liability on account of a change in the cadre structure were some of the other broad principles that were to be followed for cadre reviews. Based on these guidelines, cadre reviews in different organisations, particularly in respect of posts in Groups 'B', 'C' and 'D' were to be conducted by the respective administrative ministries. Initiatives were taken in conducting such cadre reviews by different ministries but the general experience in this regard as reported to the Commission has not been very satisfactory. Wherever the cadre review exercise was initiated, it took a long period and remained inconclusive. In a large number of organisations, no cadre reviews whatsoever were conducted. Consequently, promotion prospects of a large number of employees were not improved by the scheme of cadre reviews recommended by the Fourth CPC.

*Position of Group 'A' Services* 22.6 Things have been a shade better for the organised Group 'A' Central Services, because the Department of Personnel & Training, which is the nodal agency for personnel management policies, accepted the responsibility for the periodic review of their cadre structure. The Department issued detailed guidelines on various aspects of cadre review of Group 'A' Services. However, the position about cadre reviews is not uniform even in these Services. Whereas 3-4 cadre reviews had been conducted in a number of Group 'A' Central Services by 1992, only one or two cadre reviews had been conducted in the comparatively larger number of other Group 'A' services.

22.7 Inadequate implementation of the recommendations of the Fourth CPC relating to the rationalisation of the cadre structure of different organisations/cadres has resulted in a situation where stagnation exists in different cadres in large number of organisations. The situation has become comparatively worse in respect of small cadres and isolated posts. Differences in the promotion prospects in various cadres and in different organisations and sometimes in different posts/cadres in the same organisation has led to a large number of demands about amelioration of the situation and in most of the cases, a demand has been made for the introduction of time-bound promotion schemes. Availability of time-bound schemes in different organisations, such as the P&T, Railways, Health, Scientific Departments and certain State Governments has given strength to this demand. A review of the existing promotion schemes in the State Governments and in different departments of Central Government is being presented here to appreciate the background of the demand made by a large number of employees for providing adequate promotions to them on a time bound basis.

#### A REVIEW OF EXISTING PROMOTION SCHEMES

*Position in State Governments* 22.8 In a good number of States like Arunachal Pradesh, Kerala, Rajasthan, Karnataka, Punjab, Haryana and Himachal Pradesh, time-bound promotion schemes have been introduced. In Arunachal Pradesh, all employees are placed in the next higher grade after completion of 13 years of service in a lower grade. After another 7 years of service or a total of 20 years service, they are entitled to the next higher grade. Similarly, in Karnataka, three time-bound promotions are provided after 10, 20 and 25 years of service in lower grades. In Punjab, Haryana and Himachal Pradesh, two time-bound promotions are ensured after completion of 8 years and 15 years of service in the lower grades.

*Government of Rajasthan* 22.9 The Government of Rajasthan introduced a scheme of time-bound promotion in January, 1992, permitting three selection grades to its Class IV, ministerial and subordinate service employees and those holding isolated posts on completion of 9, 18 and 27 years of service. For eligibility under the scheme, restrictions were imposed on its applicability to posts, the maximum of the scale of which was Rs. 3200 as in 1989. The third selection grade is given only if the first two selection grades were in scales of pay below the scale of Rs. 2200-4000. Selection grades are given only to those employees whose service record is 'satisfactory'. The grant of selection grade does not affect the seniority in the cadre nor the sanctioned strength of each category of posts in the cadre.

*Government of West Bengal* 22.10 The Government of West Bengal introduced a scheme for improvement of career prospects of its employees in 1990. Under this scheme,

Government employees were allowed to move to the next two higher grades on completion of 10 years and 20 years of satisfactory and continuous service. However, when an employee becomes due for promotion in the normal course in the first higher scale with reference to the current promotion policy and quotas, he will not be eligible for any fixation benefit for the second time.

*Government of  
Gujarat*

22.11 The State Government of Gujarat introduced a scheme of three time-bound promotions to higher grades for its employees in June, 1987 to deal with the problem of stagnation and restricted chances of promotion in different cadres. The scheme was applicable to all posts having pay scales, the maximum of which did not exceed Rs.3500. Higher grades were to be given after completion of 9, 18 and 27 years of service. The next higher grade was specified for each grade for this purpose. In cases where the promotion posts were in more than one pay scale, the lowest of such scale was taken into account for permitting promotions under the scheme. The applicable higher pay scale were also specified for posts not having any higher promotion grades. The scheme is limited in a manner that the highest scale admissible under the scheme does not exceed Rs.2500-4200 or Rs. 2200-4000, which is admissible on promotion from the scale of Rs.2000-3500. The appointing authority for the posts carrying higher pay scales is the authority who is competent to grant a higher pay scale to eligible employees, provided the employee is fit for promotion on the basis of his overall performance, qualification and passing of an examination wherever this is prescribed. Any employee getting a higher pay scale is required to give an undertaking that he will not refuse higher regular promotion as and when it becomes due and if he declines the promotion, he shall forfeit the right to hold the higher pay scale under the scheme. The combined total cadre strength continues to be the same even after the grant of the higher pay scale and those granted higher pay scales continue to perform the same duties.

*Government of  
Kerala*

22.12 In Kerala, the scheme for time bound higher grades to State Government employees was first introduced in 1973 and the scheme has been further modified with effect from 1993. Three higher grades to be given after completion of 10, 20 and 25 years of service are well defined. This scheme applies to Group 'D' posts. However, those initially appointed to posts in pay scales ranging from Rs.950-1500 to Rs.2375-3500 are granted only two time-bound higher grades on completion of 12 years and 24 years of service. Those directly recruited to posts in the scale of Rs.2200-4000 are given only one higher grade on completion of 12 years of service. Besides, such appointees are entitled to this benefit only if a qualified senior not directly recruited has been promoted under the scheme. Those who are regularly promoted or appointed to a higher post within the period specified for time-bound promotion to a higher grade are not eligible for the time-bound higher grade. In case the pay scale of the regular post is higher than the time-bound higher grade prescribed, the pay on promotion to the regular post is fixed with reference to the basic pay notionally arrived at in the lower post. Army service is reckoned for computing the qualifying service for the grant of the first higher grade. However, civilian service in the Army is not counted.

*Position in  
Public Sector  
Undertakings*

22.13 Information collected by us reveals that, no time-bound promotion scheme exists in organisations like Hindustan Fertilizers Corporation Ltd., Indian Overseas Bank, Engineering Projects (India) Limited, Maharashtra Antibiotics, BHEL, Engineers India Limited etc. Certain Public Sector Undertakings (Hindustan Aeronautics Ltd. and Mazagaon Dock) have introduced time bound

promotion schemes but have restricted them only to lower levels, at the most up to the clerical level. National Fertilizers Limited has introduced a five year promotion scheme for workers who are allowed the next higher scale on completion of 5 years of service in the existing scale, if they are not promoted in the normal course for want of a vacancy. The facility is allowed only once during the entire service. Employees up to the level of Additional Managers are divided into two groups. The promotions within the group are not related to vacancies but promotions from one group to another are made on the occurrence of vacancies. In Rashtriya Ispat Nigam, the time-bound scheme covers employees at junior level and 75% of the incumbents in a grade are provided the next higher grades on meritorious completion of three years of service. Promotions to senior/top level posts are vacancy based.

*Department of  
Posts*

22.14 In the Department of Posts, a "Time Bound One Promotion" Scheme (TBOP) was introduced in the year 1983 for employees in the basic operative cadres, and they were placed in the next higher grade after completion of 16 years of service subject to their being found fit by a DPC. The officials so promoted continued to perform their earlier duties till such time as they were placed in regular supervisory posts in their turn. The scheme was subsequently extended to the staff of administrative offices and regional offices in the field in 1993 and practically all operative Group 'C' and 'D' employees of the department, excluding officials of Inspectorial Cadre, Stenographers, some isolated post holders having analogous posts in other Departments/Ministries of the Government and Group 'D' staff of administrative offices, were covered under the Scheme. The Department of Posts introduced another scheme of promotion called " Biennial Cadre Review " (BCR) for all the employees, who were covered under the earlier TBOP Scheme. The review is done twice a year to provide a second promotion on completion of 26 years of service in the grade. The stated objective of the scheme is to provide promotion opportunities for the staff on the basis of functional justification. The required number of posts needed for such promotion are released in half yearly instalments on 1st January and 1st July, to provide promotion to those who are eligible. Creation of posts for the purpose is done by the Heads of Circles in consultation with Integrated Financial Advisors. Matching Savings were provided for introduction of the two schemes. For TBOP, 5% reduction in operative posts and 15% reduction in supervisory posts were offered, whereas in BCR, this cut was 1% and 5% respectively.

22.15 The promotion scheme in the Department of Posts changed the principle of career progression of Group 'C' and 'D' staff and introduced a new dynamics in personnel management and field operations. Hitherto, the promotion was linked to the post and with promotion the official was assuming higher responsibility alongwith availing himself of a higher scale of pay. There was clear distinction between operative and supervisory posts which was conducive for command and control in field management. However, since the number of supervisory posts were very few, nearly 92.5% of the employees in Group 'C' used to retire in the entry scale of service. The promotion schemes have remedied this unsatisfactory situation to a great extent so that a Postal Assistant recruited in the scale of pay of Rs.975-1660 is assured of getting promotion to next higher scales of Rs.1400-2300 and Rs.1600-2660 after 16 and 26 years of service respectively.

22.16 The department has, however, noted certain anomalies and functional problems in the implementation of the scheme. While anomalies were



of a transient nature, the functional problems are causing concern to the department. After introduction of BCR scheme, the supervisory allowance attached to supervisory posts was also discontinued, leaving no difference between supervisory and operative officials. This resulted in a situation where seniors were reluctant to assume supervisory posts. This situation has, therefore, compromised the system of close and purposeful supervision.

22.17 Introduction of TBOP and BCR schemes in the department has had a mixed effect. While it ensured reasonable career progression for employees, it also brought certain operational problems. The Department is trying to overcome these problems by modernising services, inducting technology, upgrading skills, etc. The department is also trying to build in a distinct supervisory cadre to man supervisory posts by a merit-based fast track promotion to meritorious officials, who upgrade their skills and acquire new skills.

*Department of  
Health*

22.18 Ministry of Health and Family Welfare has introduced a time bound promotion scheme for its Doctors including various sub-cadres of Central Health Services. In case of General Duty Medical Officer, whose cadre structure is on the lines of an organised Group 'A' Service, promotion is ensured up to the level of Chief Medical Officer (Rs.3700-5000) in a total period of 10 years. Promotion to the level of Senior Medical Officer is ensured in four years, while another 6 years are needed for promotion to Chief Medical Officer (Rs. 3700-5000) level. An alternative of a combined service of 10 years of which at least 2 years should be as Senior Medical Officer is also provided. Promotions to next higher grades are without any consideration about availability of posts in the higher grade. Thus, if an officer is promoted, the post held by him is automatically upgraded. The promotion to the higher grade is made on seniority-cum-fitness basis of those who clear the bench mark of 'Good'. Promotion to the grade of Rs.4500-5700 is restricted to 15% of senior duty posts i.e. all duty posts at the level of Senior Time Scale and above. This provision in CHS is at par with the provision in other organised Group 'A' Services.

22.19 In cases of other specialist sub-cadres, where induction is directly at the level of Rs.3000-5000, a time-bound promotion is ensured upto the level of Rs.4500-5700 within a period of 8 years. This is in consideration of the fact that recruitment to Specialist Grade II officers is made in the pay scale of Rs.3000-5000 with a postgraduate qualification in Medicine and an additional three years' experience after obtaining the postgraduate degree. All Specialist Grade II Officers recruited in the pay scale of Rs.3000-5000 are promoted to the scale of Rs.3700-5000 on completion of 2 years of service, subject to seniority-cum-fitness. The next higher grade of Rs.4500-5700 is given to them on completion of 8 years of service as Specialist Grade II. Promotion to this level is made without any consideration about availability of vacancies.

*Department of  
Health Non-  
Medical  
Scientists*

22.20 The Supreme Court in Writ Petition (Civil) No. 1018 of 1989, Dr. Ms. O.Z. Hussain versus Union of India gave a direction for provision of promotion avenues on similar lines to Group 'A' Gazetted Non-Medical Scientists working in different organisations under the Ministry of Health and Family Welfare. The Ministry of Health and Family Welfare, therefore, formulated the Department of Health (Group 'A' - Gazetted Non-Medical Scientific and Technical Posts) In-situ Promotion Rules, 1990. The scheme organised all Group 'A' Scientists and Technical Officers who were working on regular basis on the date

of commencement of the scheme into a cadre and divided them into four levels namely Scientist Level 1 (Rs.2200-4000), Scientist Level 2 (Rs.3000-4500), Scientist Level 3 (Rs.3700-5000) and Scientist Level 4 (Rs.4500-5700) for the limited purpose of applying the in-situ promotion scheme to them.

22.21 The scheme provides for in-situ promotion to a scientific or technical officer holding a Group 'A' post up to and including the grade of Scientist Level 4 in the pay scale of Rs.4500-5700. A five year period is prescribed for promotion from one level to another. In addition, the scheme also provides for 8 floating posts in Scientist level 5 in the scale of Rs.5900-6700 and those having a minimum of three years service in the scale of Rs.4500-5700 are eligible for promotion to these posts. Wherever an Officer is promoted under these rules, the grade of the post immediately held by him is upgraded to the next higher level to which he has been promoted. The post, however, reverts to the original level on its vacation by the officer holding it. In cases where an officer continues to get promoted to higher grades, the post vacated by him reverts to the level of original recruitment to the posts.

#### **PROCEDURE FOR EMPANELMENT FOR SENIOR AND MIDDLE MANAGEMENT POSTS**

*Empanelment for  
Joint Secretary*

22.22 There is a practice of drawing up a suitability list (known as panel) of eligible officers from the All India Services and Group 'A' Services participating in the Central Staffing Scheme. This exercise is normally conducted on an annual basis, by considering officers with the same year of allotment together as one group. At the level of posts of Joint Secretary and equivalent, the Civil Services Board (CSB) finalises the panel for submission to the Appointments Committee of the Cabinet (ACC). In this work, the CSB is assisted by a Screening Committee of Secretaries. The panel approved by the ACC on the recommendation of the CSB is utilised for making appointments to posts under the Government of India, but inclusion in the panel does not confer any right to such appointment under the Centre. Such appointments for posts of Director and above have to be again approved by the ACC. The cases of such officers who are not included in any panel in a particular year are reviewed after a period of two years. Another such review can be conducted after a further period of two years. A special review can also be made in the case of any officer whose Confidential Report undergoes a material change as a result of representation being accepted against recording of adverse comments in his Confidential Report. The cadre controlling authorities are informed about the names of Officers under their administrative control, as and when they are included in the panel. Stringent criteria of selection are applied to members of all the services.

*Empanelment for  
Additional  
Secretary/  
Special Secretary/  
Secretary*

22.23 Selection for inclusion on the panel of officers adjudged suitable for appointment to the posts of Additional Secretary or Special Secretary/Secretary to the Government of India and posts equivalent thereto is approved by the ACC on the basis of proposals submitted by the Cabinet Secretary. The Cabinet Secretary is assisted by a Special Committee of Secretaries for drawing up proposals for consideration of the ACC. Panels of suitable officers are drawn up on an annual basis, considering all officers of a particular year of allotment from one service together as a group. Inclusion in such panels is done through the process of strict selection and evaluation of such qualities as merit, competence

leadership and a flair for participating in the policy-making process.

*Eligibility to  
hold posts of US,  
JS, Director and  
JS*

22.24 For manning the posts of Under Secretary, Deputy Secretary, Director and Joint Secretary, the eligibility of officers for holding these posts starts when they have completed 5 years, 9 years, 14 years and 17 years of service in group 'A', irrespective of the service to which they belong.

### **IN SITU PROMOTION**

*Career  
advancement for  
Groups 'C' and  
'D' employees*

22.25 A scheme of in-situ promotion for Groups 'C' and 'D' employees was introduced in 1991 to provide at least one promotion grade to those who are directly recruited to a Group 'C' or 'D' post and who could not get a promotion even after reaching the maximum of the scale. Such persons are placed in the next higher grade available in their normal line of promotion after following due process of promotion. In cases where a post is filled both by direct recruitment and promotion, a promoted employee senior to a directly recruited one will also get promoted in case a person junior to him is promoted to a higher scale under the scheme. The scheme is also extended to industrial workers. This is in fact a scheme for removal of stagnation and can hardly be regarded as a career advancement or promotion scheme.

### **FLEXIBLE COMPLEMENTING SCHEME**

*General*

22.26 A Flexible Complementing Scheme (FCS) was introduced in 1983 on the recommendation of the Third Central Pay Commission to ensure that promotion of an officer in a Scientific Service from one grade to the next higher grade took place after a prescribed period of service on the basis of merit and ability irrespective of the availability of a vacancy in the higher grade. The scheme is available now in many of the scientific departments, organisations and institutions under the Government of India. The Scheme was originally made applicable to personnel in three critical scales ( Junior Time Scale, Senior Time Scale, and Junior Administrative Grade in Group "A" services/cadres). In exceptional cases, it was also extended up to personnel in the non-functional Selection Grade (Rs.4500-5700). The cadre strength of the entire cadre was fixed on the basis of functional grounds and there was complete interchangeability of posts between JTS and STS provided number of incumbents in the two grades put together did not exceed the combined strength of two grades. The upward movement to JAG was also without any reference to availability of vacancies but it was subject to the condition that total number of posts so filled in the grade did not exceed 30% of the total strength of the cadre upto JAG level. In case the Scheme was extended to NFSG level, the total number of posts that could be filled in the grade was again 30% of the combined strength of JAG and NFSG put together.

*Promotion  
procedure*

22.27 Promotion under the Scheme was made on the basis of 5 yearly assessment of eligible Officers by a Board, which assessed the technical performance on the basis of quantity and quality of research and even conducted an interview for the purpose. Promotion was made in situ and was personal to the concerned officer and did not result in any vacancy in the lower grade. The post,

however, reverted to the original level once it was vacated at higher level.

*Drawbacks*

22.28 The Scheme was further modified by many departments later to provide full flexibility by removing restriction on the number of posts and now provides career progression from the grade of Rs. 2200-4000 upto the level of Rs. 5900-7300, covering 5-7 scales in different organisations. In certain departments like Space, Atomic Energy and DRDO, the scheme had been extended at levels other than Group 'A' also. However, only a limited flexibility is allowed in other grades as against full flexibility in Group 'A' Services. The scheme, therefore, suffers from drawbacks like non-uniform application, differences in level of application, variation in the period of review (residency period), extension of scheme to directly recruited scientists in the Secretariat organisations, etc.

**OUR RECOMMENDATIONS**

*Assured Career  
Progression  
Scheme*

22.29 It is clear from the foregoing paragraphs that at present there is a proliferation of different types of promotion schemes in different departments. The basic trend of these schemes is, however, to provide an assured progression or in-situ promotion on personal basis to all the employees who have rendered a specified period of service. This trend is seen for all categories of posts, but in some Ministries like Ministry of Health, in-situ promotion scheme has been formulated only for Group 'A' Scientists whereas in some other Ministries like Department of Posts, a promotion scheme has been formulated only for Group 'C' operational staff. Existence of such promotional schemes only for certain section of employees in certain selected Department has generated a feeling of discontentment in the Central Government employees at large. Moreover, existence of time bound promotion schemes in different State Governments has also added to the feeling of discontentment in Central Government employees. **We, therefore, strongly feel that Government should formulate a promotion scheme which should cater to the promotion aspirations of Central Government employees in general belonging to different categories across the Ministries and Department.**

*Application to  
R&D  
Professionals*

22.30 In the above context, **we recommend that the Flexible Complementing Scheme of promotion should be extended to all Research and Development Professionals working in Research and Development Organisations and Departments declared as Scientific and Technical in Government of India.** The existing Flexible Complementing Scheme has been examined by us in this context and modifications have been proposed separately while dealing with Scientific and Technical Services.

*Basic features  
of ACP*

22.31 For all other Central Government employees, we recommend that a comprehensive and coherent promotion scheme should be evolved which could assure adequate career progression in a reasonable time frame to all categories of employees. The basic features of this Assured Career Progression (ACP) Scheme have been worked out by us and are contained in the Annexure 22.1. The recommended ACP Scheme aims at providing a minimum of two promotions to each Group 'B', 'C' and 'D' employee and three promotions to each Group 'A' employee, in their entire career span, after appointment in a grade on direct recruitment basis. The proposed promotion under the scheme shall, however, be restricted to financial upgradation in the pay scale alone and shall not be linked to

the availability of a post in a higher grade on functional basis. The scheme will provide reasonable opportunity to all employees to move to higher grades, within a stipulated time frame.

*Cadre Review*

22.32 Introduction of the Assured Career Progression Scheme (ACP) shall however not end the need for adequate promotion avenues in one's cadre, based on availability of higher posts in the hierarchy. The need for regular cadre reviews of each service/department, as recommended by the Fourth CPC shall continue to hold good. The Department of Personnel and Training (DOP&T) has already issued detailed guidelines on cadre management of Group 'A' Central Services. The DOP&T itself conducts cadre reviews periodically once in 5 years, and as per latest decision of the Committee of Secretaries, this is to be done to cater to the functional needs of the service and career aspirations of its members. Demands have been made to the Commission for periodical and speedier cadre reviews for all Services/Departments in a manner that they meet the career aspirations of the employees and remove inter-service disparities in promotion prospects. We, therefore, recommend that the cadre review mechanism should be reviewed so as to bring uniformity in the career prospects of all Group 'A' Central Services.

*Need for  
guidelines for  
Groups 'B', 'C',  
'D' employees*

22.33 The guidelines issued by the DOP&T for cadre review of Group 'A' Central Services are very elaborate and contain specific directions for ensuring the pyramidal structure of the cadre, appropriate structural ratios of different grades to provide adequate career prospects, threshold analysis to make an assessment of the future promotion prospects, provision of Probation Reserve, Leave Reserve, Training Reserve, Deputation Reserve etc. In comparison to these guidelines, the orders issued for cadre reviews of Groups 'B', 'C' and 'D' posts are very inadequate and prescribe only broad principles with an added emphasis on provision of matching savings. This results in a situation where adequate cadre reviews are not being conducted by ministries and departments and wherever cadre reviews are undertaken, they take comparatively a very long time and in many cases cadre review proposals are not even approved finally. Creation of posts as part of cadre reviews are brought within the purview of the ban on creation of posts and these proposals consequently never see the light of the day. The DOP&T should, therefore, issue detailed guidelines for the purpose of cadre reviews of Groups 'B' and 'C' and 'D' posts so as to ensure that these are conducted within a specified time frame and are not subjected to routine examination at different levels in the Ministry, once the review is conducted in accordance with the guidelines and by a committee having a representative of the Integrated Finance Division.

*Cadre Review  
should reveal  
surplus*

22.34 The Cadre review exercise should also take into account our general recommendations on right-sizing of manpower in Government. Since in a time frame of 10 years, a reduction of 30% of the existing manpower is recommended, the cadre reviews should ensure that an across the board reduction of 3% of the manpower per year is achieved. Surplus manpower should, therefore, be identified as part of the cadre review exercise.

*DOP&T cadre  
review*

22.35 The DOP&T Training should also assume the responsibility for monitoring the progress of cadre reviews of different offices and different cadres under the Ministries so as to ensure that these are conducted every 5 years. In respect of those Group 'B' and 'C' cadres, which are spread over in different

ministries/departments and whose higher posts are ultimately centralised and recruitment to them is made through a common selection/examination/Limited Departmental Examination, the DOP&T should assume the responsibility for coordinating the cadre reviews, which may be done concurrently for all the concerned Ministries/Departments.

*Making cadre  
review  
justiciable*

22.36 We also recommend that the holding of a cadre review every five years should be included in the cadre rules of every service, so that the matter becomes justiciable and can be taken to a Court of Law by any section of employees that is aggrieved on this account.

22.37 The existing mechanism of work study by the Staff Inspection Unit of the Department of Expenditure should be dovetailed with the exercise of cadre review so that work-studies and cadre reviews are conducted concurrently by maintaining a balance in the functional requirements of a post and the career aspirations of the members of the cadre. In this context, it may be desirable to transfer the Staff Inspection Unit functions to Department of Administrative Reforms.

*Selection Grade*

22.38 Provision of selection grades has been a moderating mechanism through which disparities in promotion prospects available in comparable grades were removed. The Fourth CPC, however, recommended its discontinuance in general and for group 'C' and 'D' posts in particular and suggested provision for stagnation increment. The need for selection grade shall further diminish in the context of the Assured Career Progression (ACP) scheme recommended by us. However, in certain services the nomenclature of Selection Grade is used ordinarily to represent a tier of the organised cadre/structure, e.g. Non-Functional Selection Grade, Selection Grade in CSS (Rs.3700-5000) or Commandant (Selection Grade) in Central Police Organisations, etc. Selection Grades in such form may continue for the present but these also need to be reviewed. We would urge the Government to conduct this review immediately so as to do away with the concept of Selection Grade altogether.

*Stagnation  
Increment*

22.39 Rationalisation of pay scales and the Assured Career Progression Scheme, recommended by us would considerably reduce the need for stagnation increments. However, in certain cases, stagnation at the maximum of the pay scale may still occur. As such, after considering the demands made for liberalising the provision for sanction of stagnation increments, we recommend that the existing rules for grant of stagnation increments should continue. In case of Executives, the facility should be available only to the grades to which it is already available, subject to the condition that the basic pay plus the stagnation increment should not exceed Rs.22,000/- per month in the revised scales of pay.

*Increase in  
Promotion Quota*

22.40 In the context of acute stagnation at various levels, a demand has been made to the Commission to increase the promotion quotas in different grades, particularly those in the higher grades. Demand has also been made that vacancies under direct recruitment quota being not filled due to ban on recruitment should be diverted to promotion quota. In this regard, we feel that it is not possible to make any general recommendation to increase the promotion quota, as proportion of promotion and direct recruitment in any post/grade is dependent upon the strength of feeder grade. However, a fresh look can be given to the proportion of promotion

at various grades in different services and it may be revised depending on the situation of the cadre and in the overall context of maintaining efficiency. It may also be ensured that direct recruitment is not generally resorted to at two successive grades in a cadre. If it is so provided in the rules, the 'direct recruitment' to its higher grade should be changed to 'promotion', provided it does not affect the quality and functional needs of the cadre/organisation.

*Isolated posts*

22.41 Promotion opportunities to those holding isolated posts are almost non-existent. Since such isolated posts are filled by direct recruitment, incumbents of these posts generally retire in the same post to which they were recruited. Representations have been received by the Commission that in many cases, isolated posts are created even when the nature of duties assigned to the post are similar to those of a cadre post. We, therefore, feel that as a matter of policy, no isolated post should be created/ sanctioned in future in Government. Posts sanctioned by Ministries/Departments should always be a part of some organised cadre. If creation of a single post is indispensable, and it cannot be part of an organised cadre in the Ministry, efforts should be made to encadre such a post in an organised cadre existing in some other Department/Ministry. Such an attempt needs to be made even now and Ministries/Departments should review the isolated posts with a view to encadre them in an organised cadre in the Ministry/Department or outside it. In case creation of an isolated post becomes indispensable, the two higher scales to be given in a time bound manner under the Assured Career Progression scheme should be indicated in the orders for creation of the post itself.

22.42 In the Assured Career Progression Scheme (ACP), we have made a provision for financial upgradation to higher scale, even when there is no defined hierarchy and we have termed it as dynamic ACP. The dynamic Assured Career Progression Scheme shall apply to isolated posts. We have tried to identify two higher pay scales for each isolated post wherever feasible and wherever a demand for improvement in promotion prospects has been made to the Commission. Specific designations in terms of grades have also been indicated for such higher scales. However, if in certain cases, it has not been possible, the Ministry/Department concerned shall identify such scales on the basis of similar posts in other departments for which we have identified the higher scales. While doing so, the different patterns approved for Secretariat and subordinate offices should be kept in view. In case of Group 'A' isolated posts, the next three promotional scales shall be Senior Time Scale (Rs.3000-4500), Junior Administrative Grade (Rs.3700-5000) and Non-Functional Selection Grade (Rs.4500-5700).

*Rules of  
fixation of  
pay on  
promotion*

22.43 Demands have been received by the Commission that financial benefits on promotion are very nominal and they ought to be revised; a minimum of 10% addition in the basic pay should be ensured in case of a promotion. We are of the view that the minimum financial benefit on promotion should be around 3% of the basic pay of the employee. The rule for fixation of pay on promotion may be amended to provide an addition of 3% of basic pay in the lower grade or one increment in the lower grade whichever is higher, and then fixation at the next stage in the higher pay scale. This method should be applicable in all cases where an employee is given a higher pay scale irrespective of the fact whether assumption of higher responsibilities is involved or not.

**Basic Features of Assured Career Progression (ACP) Scheme recommended for Central Government employees**

- (i) Every employee, recruited in a particular grade/scale of pay shall be allowed to move to his respective and specified higher scales on completion of specified period of residency in the lower pay scale, subject to fulfilment of usual norms of promotion. If this involves passing of a trade or departmental test or acquisition of a higher qualifications, that pre-requisite would have to be fulfilled before the benefit of ACP is given
- (ii) On placement in the next higher grade, the incumbent shall continue to perform duties of his original post and will continue to hold the old designation, till such time as he is actually promoted to the higher grade on the occurrence of a vacancy. In case of isolated posts, the post held by an individual shall get upgraded to the next higher grade but shall be filled at its original level, when vacated.
- (iii) Placement in the higher grade will entail only the financial benefit of the higher pay scale and associated entitlements like HBA, allotment of government accommodation, advances, etc. Other entitlements like invitation to ceremonial functions, deputation to higher posts, etc. which are generally dependent on the status of the employee shall continue to be determined with reference to his lower/substantive post/pay scale
- (iv) The number of financial upgradations to which an employee shall be eligible under the Assured Career Progression Scheme shall be two, in the case of non-executives, while in the case of executives, the number will be three.
- (v) The highest pay scale up to which the proposed financial upgradation shall be available will be Rs.4500-5700, i.e up to the present 'Non-Functional Selection grade' in organised Group 'A' Services. Beyond this level, there shall be no financial upgradation and higher posts shall be filled strictly on vacancy basis.
- (vi) The employees recruited at junior and middle Executive levels in the junior time scale (Rs.2200-4000) will get the senior time scale in a period of 4 years. The Junior Administrative Grade (Rs.3700-5000) will be available to them in another five years time. The next higher grade of Rs.4500-5700 will be provided in another period of 5 years. As such, a person recruited in the junior time scale will be able to attain the level of Senior



**Time Scale in the 5th year, Junior Administrative Grade in the 9th year and NFS Grade (Rs.4500-5700) in the 14th year. This will be applicable uniformly to all organised Group 'A' Services and Group 'A' posts for which direct recruitment is made at the level of Rs.2200-4000.**

- (vii) In case of Groups 'B' 'C' and 'D' employees, first financial upgradation shall be available on completion of 8th, 10th and 12th year of service respectively, provided the employee fulfils all the conditions for promotion to the higher grade and the employee has not got the vacancy based functional promotion, during this period. The second financial upgradation in case of Groups 'B', 'C' and 'D' employees shall be given on completion of a further period of 8, 10 and 12 years respectively.**
- (viii) Financial upgradation to be given under the proposed Assured Career Progression Scheme will be in the next higher grade in accordance with the existing hierarchy in a cadre/category of posts. In cases of isolated posts, which do not have defined hierarchical grades, the two ACP grades shall need to be specified in respect of each such post and financial upgradation shall be given even when the higher scale does not form part of the defined hierarchy. Such upgradation shall be known as Dynamic Assured Career Progression Scheme. In case of common category posts, the two higher grades should be defined for all the departments under Central Government. Dynamic ACP will also apply in cases where an intermediate scale has been introduced without there being any redistribution of posts into that scale. This should be an interim measure, so that upgradation takes place with that scale without a post being available, but the attempt should be to meanwhile upgrade some posts to the newly introduced scale, so that it can become a normal scale to which a normal ACP on functional promotion can apply.**
- (ix) The number of financial upgradations to be given shall be counted from the grade where an employee was inducted on direct recruitment basis. The number of financial upgradations shall be strictly adhered to and there shall no additional financial upgradation for a senior employee on the ground that a junior direct recruit in the grade got higher scale under ACP Scheme.**
- (x) On promotion to the next higher grade under the Assured Career Progression Scheme, the full benefit of pay fixation in the higher scale as in case of a promotion in a higher grade shall be given. Thus, on actual promotion in the higher scale on occurrence of a vacancy, no further financial benefit shall accrue.**
- (xi) The higher grade under this scheme shall not be given to**

**those who had declined regular promotion earlier. In cases where a person who has been placed in a higher pay scale under the scheme refuses functional promotion involving higher responsibilities on the actual occurrence of the vacancy, the employee shall be reverted to the lower pay scale. As such, while giving the higher pay scale under the scheme, an undertaking should be taken that the employee shall occupy the regular promotion on occurrence of the vacancy, and in case he refuses to accept the higher post, he shall be kept out of the 'Assured Career Progression Scheme.'**

- (xii) In case of an employee declared surplus in his organisation and in case of transfers including unilateral transfer on request, the services rendered by him in the department shall be counted along with his service in his new department for the purpose of giving financial upgradation under the Scheme.
- (xiii) **Introduction of the Assured Career Progression Scheme should in no case affect the normal promotion avenues available on the basis of vacancies. Attempts needed to improve the promotion prospects in an organisation on functional grounds by way of organisational study, cadre reviews, etc. should not be given up on the ground that the Assured Career Progression Scheme has been introduced. Rather, one of the brief objectives of cadre reviews should be to ensure that financial promotions are available within the residency periods prescribed under this Scheme for the purpose of grant of higher scale, wherever this is feasible without disturbing the administrative hierarchy of the department.**

## Improving the Motivation Level

### INTRODUCTION

- Definition* 23.1 Motivation is the inner urge to put in one's best. It is the real catalyst of action.
- External props* 23.2 Motivation levels can be improved by external props like salary levels, cash incentives, promotion policy, work environment and so on. These have been touched upon in the various chapters.
- Inner props* 23.3 There is an area of non-financial and non-external props for motivation. It is these that we will try to explore in this chapter.

### WHY CHOOSE GOVERNMENT SERVICE AS A CAREER

- Variety of motives* 23.4 If one probes the question of why people choose Government service as a career, one would come across a variety of motives. Many of the motives are sub-conscious and probably only half-articulated. There are subtle forces at work here.
- 23.5 A number of people join the Government because it represents power, authority, status, the majesty of the law, rulership, being a part of the governing class. There are those who are in the Government because they are prepared to serve an anonymous employer called the State but not an individual called Lala Kanshi Ram. Others are in Government service because it is the only way they can serve the nation, the country, the poor, the illiterate, the starving millions. Some have a predilection for careers that exist only in the Government. They want to don the uniform of a soldier or a policeman, fly a fighter aircraft or be an admiral of the fleet.
- 23.6 It is necessary to appreciate all this, with a view to certain points for action mentioned hereafter.

<i>Targeting people</i>	23.7	We should target people at younger ages, when they are still fresh from college, they have not lost their idealism, they are not overwhelmed with the cares of family.
<i>Career Counselling</i>	23.8	In our target audience for career counselling, we must go for young people who want to come into Government service as the best method of putting in public service. That is why Government service should never pay a luxurious salary that may attract the wrong type of person.
<i>Testing of recruits</i>	23.9	Once a person is recruited, there should be a clear policy to subject him to certain academic and practical tests during his probation period, so that any wrongly motivated persons who might have been able to smuggle themselves in can be got rid of with comparative ease.
<i>Non-monetary symbols</i>	23.10	The non-monetary symbols of authority that establish the position of an executive in the Government as a member of a ruling elite should not be jettisoned. It is these outer emblems that create prestige and honour for Government assignments. Government officials should be treated with courtesy and dignity, and not be subjected to public ridicule. That is why it is necessary not to allow politicians to transfer senior officials prematurely without sufficient reason. That is why there should be no senior posts in Government that have just the pay and nothing else.
<i>Awards</i>	23.11	For civilian services too, there should be a mechanism of non-monetary rewards, as is prevalent in the military and police services. Fulsome praise in public does not cost anything, but it can be a very strong motivational factor. All supervisors should be trained in the use of praise. There should also be Distinguished Service Awards and Extraordinary Service Awards for civilians, so that they feel honoured for a life-time of devoted service as also for any highly innovative and extraordinary act of theirs.
<i>Qualities of leaders</i>	23.12	It has been seen that leaders who are positive, dynamic, forthright, innovative, adaptable, enthusiastic, optimistic and willing to learn can provide a tremendous momentum to any organisation or institution that they lead. It is unfortunate but true that in Government it is persons who are negative, static, tactful, status quoist, rigid, sedate, pessimistic and pretending to be know-all who survive and reach the top. If we want the first variety of motivated people to be the leaders, we have to hunt for them, choose them, protect them, encourage them and let them go ahead to do their own thing.

### OUR RECOMMENDATIONS

	23.13	Our recommendations with regard to motivation levels are contained in the succeeding paragraphs.
<i>Age of entry</i>	23.14	<b>The age of entry to the Civil Services Examination should be kept between 21 and 24 years, as it used to be in the past. Members of SCs, STs, OBCs etc. should, however, continue to be eligible for the age relaxations as at present, with reference to the proposed ages of entry. Similar attempts to lower the age of entry should be made for all services, especially at the executive level.</b>

- Peg salaries at lower levels* 23.15 We have already **pegged the salaries at a level lower than the private sector** so as to encourage only public-spirited persons to choose Government service as a career
- Psychological tests* 23.16 **Psychological tests** are being used in the defence services, but not on the civilian side. These **should be introduced, both at the time of initial selection as also later** during the training and probation period. Acts of omission and commission during the probation period should be taken serious notice of.
- Transfer policy* 23.17 We have suggested that **premature transfers of officers should not be allowed**, except in accordance with the recommendations of a Civil Services Board. We have also suggested the abolition of certain posts of Secretaries which are more in the nature of sinecures than proper postings. We believe that posts like that of Secretary, Minorities Commission, Secretary, Inter-State Council or Secretary, Official Language do not carry even fifteen minutes' work. Such examples can be multiplied at all levels of Government. So long as such jobs are allowed to continue in Government, it is easy for anyone to demoralize an upright officer by posting him to one of these pleasant sinecures. Such posts should be assiduously identified and abolished forthwith. **We must make the worth of charge of different posts of equivalent rank almost equal.**
- Institution of Awards* 23.18 **Distinguished Service Awards and Extraordinary Service Awards should be instituted in all Government departments.** There should be a mechanism so that people at all levels have some Award or the other to look forward to. These Awards should be conferred after due deliberation, so that only the deserving get them. These should be presented to the recipients in public functions by high dignitaries.
- Emergence of Administrative Entrepreneurs* 23.19 We must change our entire way of looking at Government officers. Their chief quality should be that they can get things done, in the shortest possible time with the minimum inputs. **Everything in the system whether it is recruitment policy or transfer policy, performance appraisal or promotion, should be geared towards the emergence of what may be termed as Administrative Entrepreneurs, people who are prepared to take risks and stick out their necks for the public weal.**

## CONCLUSION

- 23.20 It is a mix of external props and internal props that can really motivate the right people to enter Government service and remain there. We have only suggested a few important areas of action, and these can be built upon in the light of experience gathered in implementation.

# Accountability

## INTRODUCTION

*What is  
accountability*

24.1 Accountability in Government implies the subjection of the discretionary powers and authority vested in Government employees to outside scrutiny by various organs of the society. While it is indisputable that every public functionary has to be accountable for his acts and deeds, more so a Government employee who exercises sovereign powers vested in him. It is often said that Government servants in India are accountable to no one. In theory, this proposition is totally unsustainable. In practice, it is largely true. We will try to explore the reasons for such a vast gap between theory and practice, and suggest appropriate measures.

*Accountability  
for what*

24.2 The accountability of a Government employee should exist, formally and in writing, for the following:

- Formulating policies in national and public interest and not to subserve the interests of a group or individual;
- Setting targets for completion of projects, programmes, schemes, facilities and services and fulfilling them within the stated time-frame;
- Setting standards of performance and sticking to them;
- Keeping discretion to the minimum and, where it is absolutely necessary, exercise the power in a fair, just and transparent manner; and
- Maintaining an open Government where any citizen may have the right to inspect any official papers to see how the decisions have been arrived at.

*Conduct Rules* 24.3 Currently, Government employees in the Central Government have certain duties and responsibilities under the Conduct Rules. These have to be completely re-written so as to be in accord with modern notions of accountability.

*Accountability to whom* 24.4 Even today employees are accountable to a number of institutions, which may be categorised thus:

- Accountability to the elected representatives of the people
- Accountability to audit
- Accountability to vigilance
- Accountability to the customers
- Accountability to the judiciary
- Accountability to the media
- Accountability to God and one's own conscience

<b>ACCOUNTABILITY TO ELECTED REPRESENTATIVES OF THE PEOPLE</b>
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24.5 All actions of Government employees can be discussed in Parliament. Elected representatives ask questions in Parliament and try to embarrass the Ministers when they are on a weak wicket. There are Committees of the House like the PAC, Estimates Committee, Standing Committee etc. where matters of policy and implementation are discussed.

24.6 This control can be made more effective than it is at present, if the following steps are taken:

- (a) Questions asked in Parliament should be based on better information backup.
- (b) Both Ministers and bureaucrats should be required to appear before Parliamentary Committees. Those bureaucrats who actually took the decisions now being questioned by audit should be made to personally appear before these Committees.
- (c) The Committees should also hear interest groups, experts outside the Government, commentators in the media, so that they get a rounded picture of a problem.
- (d) Discussions should be issue-oriented. The Committees should take up important issues and summon all the concerned Ministers and bureaucrats, belonging to different Ministries, who have a role to play in the decision-

making process.

- (c) Discussions should lead to well-drafted plans of action, stating clearly what changes in policy, law, rules, implementation strategy etc. are being recommended. There should be annual review meetings to ensure that previous reports are acted upon.

24.7 At the same time, **interference by elected representatives in day-to-day administration must cease.** They should themselves desist from writing letters about postings and transfers of employees, promotions, vigilance cases and so on. In case any such letter trying to unduly influence the decisions on these matters is received, it should not only not be acted upon but should lead to administrative action against the concerned employee.

### ACCOUNTABILITY TO AUDIT

24.8 Audit can be a most potent tool for ensuring accountability. It has often unearthed major scandals and provided the necessary ammunition to other sections of the polity. There are, however, certain areas which need improvement.

24.9 The following suggestions are made:

- (a) **Audit should reorient itself to look more at the objectives of programmes or actions and whether such objectives have been achieved promptly, instead of being unduly concerned with whether the letter of a rule or a procedure has been flouted.** Dynamic individuals often break rules to achieve the target. If actions are performed bona fide, in public interest, without any ulterior motive, audit should laud those actions rather than being critical.
- (b) **Audit should try to be as concurrent as possible.** Scandals and scams are known even while they are being planned and executed. If audit draws attention to them forthwith in a well-publicised manner, such scandals can be halted in mid-stride. Post-mortems are useful but can only be conducted when the patient is dead. It is better to cure the patient and try to keep him alive.
- (c) **Audit should constantly look at systemic faults, areas of undue discretion, blatant exercise of arbitrary powers etc. and point them out at once, without waiting for a report from the Government.**
- (d) **Where major individual lapses are noticed, audit should ensure that the delinquent officials are also required to present themselves before the Public Accounts Committee. There should be adequate follow-up to ensure that disciplinary action is taken against those found guilty.**
- (e) **Government departments have also to develop a high degree of sensitivity to comments by the audit.** The approach should not be to close ranks and rush to the defence of the delinquent official. The



systemic defects should be removed at once and individual lapses punished with the utmost expedition

## ACCOUNTABILITY TO VIGILANCE

24.10 Corruption is a major problem in Government today. The impression is that no work in Government can be got done without someone's palm being greased. This is unfortunate, as corruption is a canker that can destroy an entire society, howsoever modern and progressive it may otherwise be.

24.11 There is an existing machinery of vigilance, headed by the Chief Vigilance Commissioner, who is a Constitutional authority. Despite it, corruption thrives. Recently, the CBI has been galvanized into action, mainly prodded by the higher judiciary. This may, however, be a passing phase. What we need to build is a system which is not dependent on the action of a few individuals.

24.12 Corruption spreads from the top. 'As is the ruler, so is the citizenry', thus goes an ancient adage. We have to stem the tide at all levels, starting from the highest echelons of Government. The following suggestions are offered in this context:

- (a) As the corruption at the political level is the fountainhead of bureaucratic corruption, effective steps should be taken to eradicate such corruption or reduce it to the minimum. To this end we must
  - enact a new legislation which would eradicate corrupt electoral practices
  - set up a National Election Fund to provide adequate funds to political parties. Contributions to the fund could be open to companies and appropriate tax relief offered
  - pass the Lok Pal Bill at the earliest, covering both the political and bureaucratic leadership at the top. It should be given teeth in the form of an investigative machinery.
- (b) The Central Vigilance Commissioner should be strengthened further this could be done by
  - hiving off the Anti-corruption part of the Central Bureau of Investigation, renaming it as Central Anti-Corruption Bureau and placing it squarely under the Central Vigilance Commissioner
  - keeping the Central Vigilance Commissioner strictly aloof from the executive, through appropriate Constitutional safeguards and divesting him of routine functions of advice

- (c) **There is a need for a high level Panel For Clean Government, consisting of the CAG, CVC and Cabinet Secretary, which could be used to pool information and take effective remedial measures for curbing corruption in high places.**
- (d) **Full time Inquiry Officers may be appointed by all important departments, to ensure that day-to-day hearings are held and departmental inquiries normally completed within 3 months.**
- (c) **Suspension should be resorted to only in serious cases where a prima facie case is made out. Once a person is suspended, he should not be reinstated till the enquiry is completed. Inquiry Officers should mandatorily be asked to complete the enquiries within a period of 3 months.**
- (f) **Government could take legal advice as to whether the provisions of Article 311 can be diluted with reference to employees who have either been caught red-handed under the Prevention of Corruption Act or who have been found after due investigation to be in possession of assets disproportionate to their known sources of income. In such cases, suspension could be made mandatory. The provision for revoking of suspension or increasing the subsistence allowance after six months need not be made operative in cases of this type.**
- (g) **Action on the lines of the Smugglers and Foreign Exchange Manipulators' Forfeiture of Property Act for forfeiture of ill-gotten property should also be extended to Government employees of the kind mentioned in sub para (d) above.**
- (h) **Reporting Officers should be permitted to record their views on the integrity of the official reported upon, even if it is based on his general reputation. Adverse reports on integrity received from three separate officers should be considered sufficient for initiating action under FR 56(J) for compulsory retirement.**

#### **ACCOUNTABILITY TO CUSTOMERS**

24.13 All Government departments have customers whom they are supposed to serve. These are members of the public in general or some segment of the people in particular. A democracy does implicitly demand accountability of the Government to the customer, but this is through a circuitous route passing through the voter, the elected representative, the political executive and higher bureaucracy. What has been recognised recently is the need for a clear-cut accountability directly to the customer at the cutting edge level.

This is the genesis of the Citizens' Charter in the U.K. and the Clients' Charter in Malaysia.

24.14 In India, a beginning has been made by the Consumer

Coordination Council which has recently drafted a Citizens' Charter for this country. The main themes of the Charter are quality, choice, standards, value, accountability and transparency. Under the head 'standards', each citizen will be entitled to expect the following:

- (a) **Explicit standards will be evolved, adopted and published** and also prominently displayed at the point of delivery. These should include courtesy and helpfulness from staff, accuracy in accordance with statutory requirements, and commitment to prompt action.
- (b) **The reasonable minimum and maximum response time, or frequency of providing services will be indicated**, as far as possible in consultation with the users of the service to suit their convenience.
- (c) **Standards should be scrupulously adhered to and the official concerned held responsible for ensuring such standards.**
- (d) **Standards once set should be frequently reviewed and improved, with simplification of procedures wherever possible.**
- (e) **If services are not satisfactory or standards are not adhered to, there should be a duly notified grievance redressal procedure, indicating clearly the response time for replies to complaints, with easy access to the concerned officials.**
- (f) **As far as possible there should be a single window disposal, instead of the citizen being pushed around.**
- (g) **At the very least, the citizen is entitled to a good explanation or an apology. In many cases, he should have the right to demand redressal and compensation. This would also imply the coverage of all governmental services under the Consumer Protection Act.**

24.15           A vigilant public can be created if there is full dissemination of information. Some State Governments have started publishing lists of all development projects sanctioned, area-wise, along with funds sanctioned, funds spent, agency of execution, target date of completion and the up-to-date progress. Such reports can be an effective method of keeping the customers of development projects informed of what is happening. Such steps need to be taken by Central Government agencies too.

24.16           **We recommend that the Central Government should draft a suitable Citizens' Charter for this country, invite a national debate on it and then implement it promptly and effectively. It should also amend the Consumer Protection Act and enact a Right to Information Act.**

#### **ACCOUNTABILITY TO THE JUDICIARY**

24.17           Under the Indian system of law, the judiciary is the supreme interpreter and protector of citizens' rights vis a vis the Government. The judiciary

has expanded its traditional role by adding the concept of public interest litigation. Some of the recent trends in judicial intervention are as under:

- (a) The judiciary is taking stringent action against senior officers for disobeying or not fully complying with its orders. This goes to the extent of awarding extended terms of imprisonment. While it is extremely important that all judicial orders should be immediately and scrupulously obeyed, there may be some scope for moderating the law of contempt.
- (b) A number of orders are being passed by judicial officers at various levels, exhorting the executive to take action in fields which are relatively neglected. These may be the areas of environmental pollution, slum clearance, sanitation, housing for the poor, construction of roads or other amenities etc. Some of these may have received inadequate attention due to lack of funds or pressure of work. As such, some judicial orders may not be capable of immediate implementation without diversion of funds or efforts from other, possibly equally important areas of work.
- (c) In matters of malfeasance or arbitrary, discriminatory, mala fide or illegal acts, the Courts have started awarding exemplary damages to the public exchequer, not even sparing the Union Cabinet Ministers. Thus there is every likelihood of public servants being held responsible for acts of omission and commission vis a vis the public. This creates a direct accountability of the public service to its customers, and the trend is to be welcomed. In fact, it may be necessary to extend it further to cover all kinds of torts, negligence, inaction, delayed action, discourtesy, unresponsiveness etc. on the part of public agencies, with a summary procedure for award of relief or compensation, possibly through suitably empowered Consumer Tribunals.
- (d) The Courts have also pushed the Central Government into filing criminal cases and investigating them through designated agencies in a time-bound manner, by exercising direct and continuing supervision over the very process of investigation. This is somewhat unusual, but it has shown results in some highly publicised cases. While the "victims" are shouting themselves hoarse against what they label as 'judicial activism', they could possibly have invited the wrath of the judiciary by their inaction or motivated action over prolonged periods.

24.18 On the whole, the trends are to be welcomed. It is to be hoped that the executive will outgrow its initial reaction of being resentful about the so-called judicial encroachment on its jurisdiction and start narrowing the zone of its own inaction and inadequacy so as to make judicial intervention unnecessary.

#### ACCOUNTABILITY TO THE MEDIA

24.19 The print media in India have always been fiercely independent. The strength of the fourth estate has been enhanced manifold by the entry of the electronic media. Today, it is a common sight to see a public servant being

confronted with a camera and a mike at any odd place, be it outside the court room, his office, residence, even in a lift. This has made accountability to the newsmen, and through them, a wider audience something of a minute-to-minute exercise. Some of the points that arise in this connection are:

- (a) 'Man eats dog' is news. Newspersons are generally looking for sensational copy, an off-the-cuff comment that might spark a controversy or something that smells of a scandal or scam. We have to restore the balance to the news-generating machinery, so that humdrum facts about development are also reported upon.
- (b) Most of the time, we have one-sided stories, without there being a genuine attempt to find out whether the allegations being made are based on facts, or trying to get the version of the opposite party. This makes for lop-sided or motivated reporting.
- (c) What we need is a reporter who is well-versed in his subject, who has done his homework and assembled all the facts, who is aware of all the controversies, and who can draw out the interviewee by sympathetic questioning.
- (d) We also require media personnel who are so well paid by the industry that they are not susceptible to the varied blandishments that can be offered by various interested parties to purvey distorted stories in order to malign or scandalize.
- (e) In the Indian context, it is important to stress the fact that as a nation we are fond of self-flagellation. It is our national hobby. The media should, therefore, deliberately, as a matter of policy, report on positive events, millions of which are taking place in our country every day. If Surat saw plague, it also turned into one of the cleanest cities of the country within an year. Yet, as against the daily headlines about the plague, how many articles have we read about the clean up?
- (f) The media itself is under watch. Many newspapers now have inhouse ombudsmen, there are media critics writing about its performance and the Press Council of India maintains an overall watchdog role. Such internal "censorship" is to be welcomed.

#### **ACCOUNTABILITY TO GOD & ONE'S OWN CONSCIENCE**

24.20 In a modern society where atheism is fashionable and "conscience" has capitulated to "convenience", it may seem anachronistic to talk of God and one's own conscience. Yet, millions of people still believe that God is our true Self and if one listens hard enough one can hear the still small voice of our conscience.

24.21 In the final analysis, the only controls that can work effectively are internal ones. It is when human beings hold ideals that they cherish, when they have role models they live upto, when there are virtues of truth, honesty, integrity, devotion to duty, patriotism, love of one's fellow-beings, non-

violence, peace and brotherhood that they try to imbibe that a society can progress and be truly civilised.

24.22 But this can happen if the leaders of society, be they intellectuals, bureaucrats, politicians, traders, farmers or workers, eschew the cult of violence, selfishness and hypocrisy; when the older generation, by its conduct, becomes a role model for the younger generation; when there are people of vision, farsightedness and statesmanship who are chosen by the people to rule over them; and when the thieves, dacoits, forgers and smugglers are kept firmly behind lock and key.

24.23 In every service, there are good people. In fact, they constitute the silent majority. It is time that there is an internal revolution of the psyche. Recently, the State Association of a premier Service threatened to hold a secret ballot to vote the "three most corrupt persons in the cadre." The move was scuttled under pressure. Such self-regenerating movements within the bureaucracy should be encouraged. There should be open dialogues and debates on what the country has been reduced to. All good men should speak up and unite.

### CONCLUSION

24.24 It will thus be seen that there is no lack of agencies that can hold a Government employee accountable. What is needed is to activate, refurbish and galvanize these agencies.

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## Transfer Policy

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<b>PRESENT POSITION</b>
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*Guidelines of  
Department of  
Personnel*

25.1 The Department of Personnel & Training has issued certain instructions in the nature of guidelines from time to time on various issues related to transfer. These relate to posting of physically handicapped candidates, husband and wife at the same station, staff working in sensitive posts, etc. The guidelines are not exhaustive and do not provide instructions for all situations. These policy guidelines are also not mandatory in nature but provide only policy options within overall constraints of administrative convenience.

*Position in  
some Ministries/  
Departments*

25.2 Various ministries of the Government of India have formulated detailed policy guidelines which lead to follow the instructions issued by the Department of Personnel and Training and also take into account the specific requirements of individual Ministries. The transfer policy of the Railways, for example, discourages frequent transfers and insists on a fixed tenure for each posting in order to ensure administrative continuity and stability to the incumbent. The transfers for lower categories of employees are confined to their zone. Transfer requests across zones to mitigate individual cases of hardship are entertained, giving due consideration to the fact that such transfers do not affect the seniority of existing employees. The transfer policy of the Ordnance Factories Board under the Ministry of Defence has four bound obligations: functional

requirements, career development of officers through wider exposure, rotation from sensitive posts and accommodation of requests on compassionate grounds.

*Central Police  
Organisations*

25.3 In the Central Police Organisations, the guidelines issued by the Department of Personnel are the main basis of the transfer policy. Since their personnel have the liability to serve anywhere in India, there is an exercise for change of personnel from difficult areas to normal areas and vice-versa. In static units, a normal period of stay of three years has been prescribed, while a tenure of two years has been prescribed for difficult areas.

### **DEMANDS**

25.4 In spite of the existence of policy guidelines on transfers, there is a definite feeling that the instrument of transfer is widely misused in the country, particularly by politicians in power, to subjugate the government employees. Transfer is also used as an instrument of punishment. While the Conduct Rules provide for other contingencies such as suspension, demotion, withholding of increments and dismissal, these do not provide any safeguards against unjustified transfers. Demands have, therefore, been made that any transfer before the expiry of three years in a post, should be made appealable, particularly if it has been made at the behest of politicians. Other demands are for the prescription of a minimum tenure for a posting, restricting the transfer to one's home town or home state, for groups 'C' and 'D' employees not to be subjected to transfer, for transfers not to be made in mid academic session and if made, to be compensated for in monetary terms, and so on.

### **OUR RECOMMENDATIONS**

25.5 We have considered these demands and feel that many of the grievances of the employees can be met if their departments formulate detailed, clear and transparent transfer policies. There cannot be a uniform transfer policy for all the Central Government Departments/Organisations, as their administrative requirements differ. Departments whose personnel have a liability to serve anywhere in India have already formulated transfer policies based on the guidelines issued by the Department of Personnel and Training and cases are stated to be dealt with in the manner according to such guidelines. Departments which have not



evolved any guidelines/policies on transfer should do so at the earliest so as to eliminate any possibility of arbitrariness in effecting transfers. The propositions contained in the succeeding paragraphs may be used as general guidelines for inclusion in the transfer policy to be formulated by different departments.

*Need for  
detailed  
guidelines*

**25.6 Detailed guidelines should be formulated and publicised by each department as part of a comprehensive transfer policy so as to ensure that arbitrariness in transfers is altogether eliminated and transfers are effected in as transparent a manner as possible.** The guidelines so formulated should take into account various instructions issued by the Department of Personnel and Training from time to time, particularly those related to transfer/posting of married couples at the same station, posting of physically handicapped employees, posting of employees having mentally retarded children, rotation of staff working in sensitive posts, etc.

*Prescription  
of minimum  
tenure*

**25.7 To ensure administrative continuity and stability to incumbents, frequent transfers should be discouraged and a minimum tenure for each posting of officers should be predetermined and it should normally be 3 to 5 years, except in cases where longer tenures are justified on functional requirements like continued availability of certain specialised skills. In the case of sensitive posts, where opportunities exist for developing vested interests, the tenure of posting should be defined for a shorter period, which may be 2 to 3 years.**

*Transfers not  
in mid-session*

**25.8 As far as possible, transfer orders should be issued before the end of the academic year so that these are implemented at the end of the academic session. Wherever transfers are made in mid-session, facility to retain Government accommodation up to the end of the academic session should be extended, if the Government employee has a child studying in that station.**

*Reasons for  
premature  
transfers*

**25.9 Any premature transfer before completion of the prescribed tenure should be based on sound administrative grounds which should be spelt out in the transfer order itself. The transfer order must, therefore, contain detailed reasons for the transfer. Officers should be given a right to appeal against such orders, if they feel aggrieved and a provision for a summary procedure to deal with such situations should be made within each department. In case of emergency, when such orders are made in the exigencies of public interest and have to be implemented at once, representations against a transfer order should be disposed of by an authority superior to the officer ordering the transfer after personal discussion, if possible on the same day.**

*Transfer not to be misused* 25.10      **The instrument of transfer should not be allowed to be misused either by the bureaucrats themselves or by politicians in power. It should not be used as a means of punishment by circumventing the procedure laid down for disciplinary proceedings.**

*Constitution of Civil Services Board at the Centre and in the States* 25.11      **While the right of the politician to have some say in postings to some of the senior duty posts in the administration cannot be denied, there is a need to evolve certain norms in this regard. Thus while every new Prime Minister/Chief Minister may take decisions on appointments to certain key positions, decisions on transfer or removal of the concerned officers when there has been no change in the incumbency of the Prime Minister/Chief Minister should be taken only after the same has been examined by a high-powered Civil Services Board, comprising at least three persons. The Central Government and every State Government should constitute such Boards, consultation with whom should be made compulsory before ordering any premature transfer. In case of the Central Government, this Board may have the following composition:-**

- (1) A retired Judge of the Supreme Court/High Court;
- (2) A prominent person in public life including a retired senior bureaucrat;
- (3) Cabinet Secretary

*Selection of Members of Civil Services Board and its jurisdiction* 25.12      **The first two members should be chosen jointly by the Prime Minister and the Leader of the Opposition in the Lok Sabha. At the State level, the composition should include persons at Sl. No. 1 and 2 above who shall be selected jointly by the concerned Chief Minister and Leader of the opposition in the State Vidhan Sabha. Instead of Cabinet Secretary, the Chief Secretary of the State shall be the third member. The senior positions that should be brought under the purview of this Board should be the following:**

**In the Central Government**

1. Cabinet Secretary (if his case is being considered, he will not be a member of the CSB).
2. Secretaries to the Government of India and their equivalent
3. Additional Secretaries to the Government of India and their equivalent

- 4 All heads of organisations like Directors General of C P Os , D G H S , DG, CPWD of the rank of Joint Secretaries and above

#### In the State Government

- 1 Chief Secretary (If his case is being considered, he will not be a member of the CSB).
- 2 Secretaries to the State Government and their equivalent
- 3 All Heads of departments in Senior Administrative Grade and above
- 4 All IPS officers of the rank of Additional DGP and above
- 5 All IFS officers of the rank of CCF and above
- 6 All District Magistrates and District Superintendents of Police

#### *Procedure for effecting premature transfer*

25.13 Wherever the premature transfer of any of the above officers is required to be made, the Secretary (Personnel) will have to submit a written memorandum before the Civil Services Board, giving reasons for the transfer. The concerned officer will have the right to appear before the Board and make his submission.

#### *Procedure for rejection of Report of CSB*

25.14 The report of the Civil Services Board on the proposal of premature transfer will normally be accepted by the Government. **Wherever it is rejected, the proceedings in full will have to be placed on the Table of the House** at its next session. Copies of all documents would also have to be supplied to the officer so that he may have recourse to the courts, if necessary.

#### *Our views on bureaucracy*

25.15 It is the considered view of the Commission that unless the backbone is restored to the higher bureaucracy by recognising that they have a constitutional role to play in the system of governance, India can never have an administrative system of which it can be proud.

#### *Departmental Boards*

25.16 **Every Department should also have a high powered Board to review the cases of all premature transfers of Group 'A' officers and should serve as an appellate body for all such transfers which may be regarded as malafide by an employee**

<i>Compensation for premature transfer</i>	25.17	An additional month's pay over and above the existing transfer allowance should be paid by the transferring department if an employee is transferred prematurely within a period of one year of his earlier transfer. In spite of this, if an employee complies with the orders and then represents that the transfer was malafide, the amount shall be recovered from the salary of the superior officer if it is subsequently proved that the transfer was, in fact, effected with malafide intent, under political pressure or for any other extraneous consideration.
<i>Transfers of Groups 'C' and 'D' employees</i>	25.18	In the case of employees in groups 'C' and 'D' recruited on a regional basis, postings should be given in the home town/home district, wherever feasible, and transfers restricted within the region and zone. All reasonable opportunity should be given to volunteers for posting/ transfer to difficult/unpopular places. However, if enough volunteers are not available, postings should be made for a short period to these stations on compulsory basis with a clear assurance of change in posting after completion of the tenure. Posting of choice should be given, as far as possible, to those who accept unpopular compulsory postings.
<i>No transfer of Group 'D' employees</i>	25.19	No transfer of Group 'D' employees from one station to another should normally be resorted to except in very special circumstances like adjustment of surplus and deficiency, promotion, exigencies of service, mutual transfers etc.
<i>Transfers of employees about to retire</i>	25.20	Generally, transfers should not be made after a Government servant has attained an age three years less than the age of his superannuation and wherever possible a retiring Government servant should be transferred to a station of his choice, three years prior to his superannuation.
<i>Government employees to be charge-sheeted for bringing political pressure</i>	25.21	Government employees should not be permitted to bring political or other extraneous pressure to bear on the Government or on the transferring authorities in the matter of transfers. Any Government employee who brings such pressures should be proceeded against under the Conduct Rules. The present practice of taking action on letters received from outside agencies including Ministers, MPs, Bureaucrats and other members of the public has to be stopped forthwith. All such references may be used only for the purpose of taking departmental action against the Government employees for whose benefit such letters have been written.

# *Section IV*

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*Optimising the Size of the Government  
Machinery*

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# Size of Employment under the Central Government

## INTRODUCTION: SOURCES OF STATISTICS

*The significance of the size of Government Machinery*

26.1 The size of Government machinery is critical for the success of any drive for efficiency and economy in Government, where value for money must be delivered to the tax payer. In fact any effort to optimize the size of Government machinery would come to a complete naught in the absence of a robust statistical information base on subject. Our terms of reference also require us to study the financial implications of the various alternatives before making our recommendations. This exercise invariably requires the size of Government employees in various categories to be available as a pre-requisite.

*The inadequacy of the sources of statistics*

26.2 We however find, that though there are several sources reporting on the size of civilian component of Central Government employees such as the Directorate General of Employment and Training in the Ministry of Labour, the Pay Research Unit in the Ministry of Finance, the Expenditure document of the Budget, the Economic Survey etc., these sources are often dated, not sufficiently comprehensive, inconnate and yield conflicting results (See Appendix for details).

*The Schedule circulated by the Commission*

26.3 The lack of any recent and reliable source and the pressing need for this information appears to have led all the previous pay commissions to circulate a schedule to gather information on the size of civilian component of government employees. We too have done the same and have collected information about the regular employees within Government and excluded the non-regular employees as was done by the previous Commissions. For the size of the Armed Forces, we have relied on the information furnished by the pay cells set up in the Ministry of Defence.

## SIZE OF EMPLOYMENT IN THE CENTRAL GOVERNMENT

*Regular Civilian filled posts*

26.4 According to the information collected by us, the total number of filled civilian posts at the Centre as on 31.3.94 was of the order of 38.73 lakhs as against 34.44 lakhs filled posts reported by the 4th CPC in 1984. An increase of the order of 4.29 lakh filled posts is evident in these 10 years. (See Annexe 26.1).

26.5 We are constrained by the non-availability of Ministry wise, group

wise details regarding "filled posts" in the previous Pay Commission reports and hence we have confined our analysis of the changing composition of Central Government Employees to "sanctioned posts" on which fairly detailed information was available in the earlier reports. The ministry-wise, group-wise distribution of filled posts collected by us as on 31.3.94 is however, given at Annexe 26.7(b) for the benefit of posterity and we hope that the future Pay Commissions will be able to meaningfully utilize this information.

*Regular civilian  
sanctioned posts*

26.6 The strength of sanctioned posts for the regular civilian Central Government employment (excluding Union Territories) at 41.76 lakhs in 1994, is observed to have increased from 17.37 lakhs in 1957 to 29.82 lakhs in 1971 to 37.87 lakhs in 1984 (See Annexe 26.2). During the fourteen years between 1957 and 1971, the number of sanctioned posts increased by 71.7%, during the next thirteen years between 1971 and 1984 by 27% and during the next ten years between 1984 and 1994 by 10.3%. Viewed on annual basis while an annual growth rate of 3.9% is observed for the period 1957 to 1971, an annual increase of 1.9% is observed for the period 1971 to 1984. The percentage of annual increase is observed to have fallen to a level of 1.0 per cent during the period 1984 and 1994 suggesting thereby a general deceleration in the rate of growth of sanctioned posts for civilian employees in Central Government, consequent to the various measures taken by the Government to impose economy cuts on present numbers and freezes on further recruitment. Of the 3.89 lakh additional posts sanctioned during the period 1984 to 1994, 70,000 posts were in the Department of Communications, 41,000 in Railways and 3,28,000 in other departments. Amongst the other departments the largest increase appears to have taken place under the head of police in the Ministry of Home Affairs. As per the Budget documents, between 1988 and 1995, an increase in the number of employees of the order of 1,49,447 took place under this head. We have elsewhere shown that as against a compound annual rate of growth of 1% for the civilian employees during the period 1984-1994, the CPOs under the Ministry of Home grew at the rate of 5.6% compound annual rate of growth between 1986 and 1994. Taking cue from the above trends, we awarded studies for the restructuring of some major user departments with a view to optimizing the size of Government. The chapters which follow detail the areas where some weight shedding may be possible.

*The size of  
employment in  
Union  
Territories*

26.7 Union Territory wise information on filled/sanctioned posts is not available in the earlier reports. It is therefore, not possible to comment on UT-wise increase in numbers. While the total number of sanctioned posts for civilian employees in Union Territories is available in the previous reports, this figure is not comparable as the number of Union Territories has been changing with time. The total number of sanctioned civilian posts in Union Territories, reported at 1.60 lakhs in 1970 and 2.25 lakhs in 1.1.84, by the previous Pay Commissions, is observed to have however fallen to a level of 1.63 lakhs in 1994. The UT wise distribution of filled and sanctioned posts, across group A, B, C and D in 1994 is given at Annexe 26.7(a) and 26.7 (b) for the benefit of future Commissions.

*Gap between  
sanctioned and  
filled posts*

26.8 As against the total filled posts of 38.73 lakhs, the total number of sanctioned posts at the centre in 1994 are observed to be of the order of 41.76 lakhs leaving a gap of around 3.03 lakhs sanctioned posts unfilled at the Centre in 1994. Similarly, we observe that as against a total number of filled posts of 1.5 lakhs in the Union Territories, the total number of sanctioned posts in UTs was of the order of 1.63 lakhs as on 31.3.94. Such a large gap between the sanctioned and filled posts may be explained partly by the long procedural delays in selection, by the lack of suitable candidates, reservation requirements, etc.

*The size of  
defence forces*

26.9 The information on defence forces made available to us by the Defence Forces pay cell shows that as on 1st January, 1995 the size of the defence forces was 11.91 lakhs of which 9.98 lakhs was the size of the Army, 1.41 lakhs the size of the Air force and 0.52 lakhs that of the Navy. Thus, the share of Army in the total defence forces is 83.79%, that of the Air force 11.84% and that of the Navy 4.37%. It is also observed that the compound annual rate of growth of the defence forces for the



period 1981-91 at 1.4% is higher than the compound annual rate of growth of 1.2% for the civilian forces during the period 1981-1991. (See Annexe 26.4). This can probably be attributed to the fact that unlike the civilian side, there is no ban on recruitment in the Defence forces and all wastages have generally been made up

### COMPOSITION OF THE CIVILIAN EMPLOYMENT- STRUCTURE AND TRENDS

*Distribution of  
regular  
Civilian  
sanctioned  
posts across  
Ministries*

26.10 A look at the distribution of sanctioned posts in Government in 1994 reveals that Railways have the largest contingent of sanctioned posts at 15.46 lakhs, followed by 7.54 lakhs posts in Communications and 6.73 lakhs posts in Defence (Civilians). Around 12.03 lakhs posts are spread over in other departments (See Annexe 26.2). **The relative share of Railways in total sanctioned posts in Central Government has registered a decline from 57.4% in 1957 to 46.9% in 1971, 39.7% in 1984 and 37.0% in 1994.** On the other hand, the share of Communications has registered a steady increase from 11.4% in 1957 to 13.2% in 1971 to 18.1% in 1984 and then stayed at 18.1% in 1994. The share of the defence civilian employees in total sanctioned posts has varied and was 15% in 1957, 20% in 1971, 19.1% in 1984 and 16.1% in 1994. The share of other departments in the total posts also increased steadily from 16.2% in 1957 to 28.8% in 1994.

*Distribution of  
sanctioned posts  
across Groups*

26.11 The group-wise distribution of sanctioned posts given in Annexe 26.5 reveals that in terms of percentage of total posts in Government, Group A, B and C posts have shown a substantial increase between the period 1957 and 1994. Group A posts which were 0.6% of the total posts in 1957 have risen to 2.2% of the total in 1994. Group B posts have risen from 1.1% to 3.3% of the total and Group C have risen from 42.0% to 66.8% of the total for the same period. **Group D posts have, however, registered a decline from 56.3% of the total to 27.2% of the total.** It is observed that Group A posts have in fact grown at the highest rate of 6% during 1957 and 1994, followed by Group B, C and D @ 5.4%, 3.7% and 0.4% respectively in that order.

*Groupwise  
Distribution of  
posts across  
Ministries*

26.12 Annexe 26.6 reveals that the total number of Group A posts have risen from 67,969 in 1984 to 89,663 in 1994, showing thereby an increase of 31.9%. The largest increase of Group A posts is observed in the Department of Communications where Group A posts have increased by 4756, and an increase of 131.2% has been registered. This is followed by Defence (civilian) department where the number of Group A posts have increased by 4247 and an increase of 36.4% has been registered. Railways have registered an overall increase of 1863 Group A posts or an increase of 24.1%. The number of group B and C posts also registered an increase of the order of 55,406 posts i.e. 69.2% and 5,00,902 posts i.e. 21.9% respectively during the period 1984 and 1994. The largest increase in percentage terms in Group B posts is observed in Ministry of Communications at 140.9%, followed by the defence civilians at 104.8%. While in terms of number of Groups C posts, Railways created the maximum number of posts during the period under study, the Department of Defence (civilians) created the largest number of group C posts in terms of percentage increase. What is remarkable is that Group D posts registered a decline of the order of 1,91,331 posts during the period 1984 and 1994. The Railways and Defence Civilians are observed to have contributed significantly to this decline. The decline of Group D posts may be a result of ban on recruitment imposed in Group D, comparatively higher retirements in Group D compared to other categories and promotions from Group D to Group C.

*The trend in  
Group A, B, C and  
D posts*

26.13 The percentage increase in the number of group A, B, C and D posts (a. 31.9%, 69.2%, 21.9% and -14.4% respectively, between the period 1984 and 1994, only goes to endorse the findings of the earlier Pay Commissions that the pace of creation of posts at the higher levels, i.e., Groups A and B is much faster than that at the lower levels. This is in line with the general experience in countries abroad where

officer-oriented structures have come to stay. This appears to be a healthy trend and is not retrograde at all.

*The detailed Ministry wise distribution of Group A, B, C and D sanctioned and filled posts*

26.14 The Ministry-wise distribution of Group A, B, C and D sanctioned posts is given at annexe 26.7(a). It may be noticed that the Ministry of Defence leads in terms of the Group A sanctioned posts at 15,900, followed by Ministry of Railways at 9591, Ministry of Home Affairs at 8943 and Ministry of Communications at 8381. The Ministry of Communications has the largest number of group B sanctioned posts at 23,772, followed by the Ministry of Defence at 18,116 and the Audit and Accounts Department at 13,932. The Ministry of Railways leads in terms of the Group C posts at 9,51,112, and is followed by Ministry of Communications at 5,58,552, Ministry of Home Affairs at 4,83,804 and Ministry of Defence at 4,11,919. Railways again leads in the Group D employees and is followed by Ministry of Defence and Ministry of Communications in that order. The Ministry-wise distribution of Group A, B, C and D filled posts is given at annexe 26.7(b).

*The distribution of Group A posts across organised services*

26.15 Of the total 89,663 Group A posts, around 57,997 are encadred into the various organised Group A services excluding the three all India services. There has however been an appreciable increase in the number of Group A services between 1971 and 1995 and the number of Group A services has risen from 30 in 1971 to 49 in 1984 to 59 in 1995. Some of these services are very small in size such as the Indian Supply Service (167), Indian Naval Armaments Service (94), Indian Inspection Service (121) and Indian Legal Service (114). In fact, there are only 34 services with a cadre strength exceeding 500. While all 18 Engineering Services taken together have a cadre strength of 18,225, the Group A Central Services recruited through Civil Services Examinations account for 12,839 posts.

*The All India Services*

26.16 The All India Services include the Indian Administrative Service, the Indian Police Service and the Indian Forest Service. The AIS officers have a contingent of 11,576 officers with 5336 officers in the IAS, 3519 officers in the IPS and 2721 in the Indian Forest Service as on 1.1.95. Officers of the AIS are allotted state cadres and they work both in the States and at the Centre.

*Distribution of sanctioned posts between permanent and temporary category*

26.17 The distribution of permanent and temporary posts shows that the number as well as the percentage of temporary posts to the total posts has declined steadily. This appears to be in tune with Government's policy of decasualization and increasing permanent employment. The number of temporary posts dropped from a level of 7.49 lakhs in 1971 to 7.28 lakhs in 1984 and to 6.83 lakhs in 1994 (See Annexe 26.9). Temporary posts as a percentage of total posts, dropped from 25.1% in 1971 to 19.2% in 1984 and 16.4% in 1994. However, while Ministry of Defence showed the largest reduction of temporary posts, Railways actually showed an increase of 1.60 lakh temporary posts between 1984 and 1994.

*The size of Industrial Workers*

26.18 As per information collected by us, there were 9.39 lakh industrial workers in the Central Government as on 31.3.94. More than 90 percent of the Industrial Workers are employed in Railways and Defence. The distribution of Industrial Workers amongst the major departments over the years is given below:-

(Figures in 000)			
Departments	1971	1984	1994
Railways	3.61 (50.4)	4.91 (54.2)	4.98 (53.00)
P&T	0.06 (00.8)	0.12 (01.3)	0.06 (06.60)
Defence	3.10 (43.3)	3.51 (38.7)	3.92 (41.80)
Others	0.39 (05.5)	0.52 (05.8)	0.43 (04.60)
<b>Total</b>	<b>7.16 (100)</b>	<b>9.06 (100)</b>	<b>9.39 (100)</b>

(Figures in parentheses give the percentage to the total).

*The distribution of* 26.19

According to the distribution of Industrial Workers, skill wise (See

table below), it is observed that while the percentage of Supervisors, highly skilled and skilled employees taken together has increased over the years, that of the semi-skilled and unskilled employees has decreased.

	1971	1984	1994
Highly Skilled	10%	20%	29.50%
Skilled	39%	36%	25.60%
Semi Skilled	24%	22%	21.80%
	1971	1984	1994
Unskilled	27%	22%	17.40%
Supervisors and others	--	--	5.70%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The pay scale wise  
distribution of  
filled posts at the  
Centre and in UTs

26.20 The pay-scale-wise distribution of filled posts at the Centre and the Union Territories is given in Annexe 26.10. As may be noticed there are 62 pay scales between the Centre and the UTs. The scales of 7000 fixed, 4000 fixed, 2000 fixed are found to be unique to the Union Territories. The Ministry wise distribution of filled posts in the scale of Rs.5900-6700 and above is given at Annexe 26.11.

## CONCLUSIONS

26.21 From the statistics it is difficult to come to any definite conclusion whether the bureaucracy as a whole is "bloated" or not. It would be correct to conclude that the 71.7% increase in the number of sanctioned posts between 1957 and 1971 was probably not justified. But the fact that this percentage growth rate came down sharply to 27% between 1971 and 1984, and then to a remarkably low figure of 10.3% between 1984 and 1994 shows that Government has acted to contain its fat. If the extra pounds have not been shed, at least the rate of growth has been markedly arrested. Even the very modest increase of 1% per annum is more due to the jump in the size of the uniformed forces. The armed forces grew at a compound annual growth rate of 1.4% between 1981 and 1991 and **the Central Police Forces by more than 5% annually between 1986 and 1994**. The Ministries of Communications and Railways sanctioned 70,000 and 41,000 additional posts during 1984-94 and contributed to the increase.

26.22 The lessons we learn from this are clear. If the Government has the will to reduce manpower, it can do it. Secondly, **the uniformed forces are the most difficult to handle. If their avoirdupois can be contained, so can that of the rest of the Government.**

26.23 There are 3.03 lakhs unfilled posts on the civilian side. There may be some unfilled posts on the defence side as well. For any major effort at restructuring and downsizing the Government, **this large number of vacancies is a challenge waiting to be met.**

26.24 Already, there is a definite shift away from Group D posts towards Group A, B and C. Thus, **there is a trend towards officer-oriented administration, which needs to be strengthened further.**

**DISTRIBUTION OF FILLED POSTS IN CENTRAL GOVT. BY MAJOR DEPARTMENTS**

Ministry	Posts Filled (Lakhs)		Percentage increase between 1994 & 1984	% age of filled posts to Total sanctioned	
	1984	1994		1984	1994
1.	2.	3.	4.	5.	6.
Railways	14.15	15.01	6.1	94.0	97.5
Communications	6.37	6.81	6.9	93.2	90.3
Defence (Civilian)	6.29	5.99	-4.8	86.9	89.0
Other Departments	7.64	10.92	43.0	87.2	91.4
<b>Total</b>	<b>34.44</b>	<b>38.73</b>	<b>12.4</b>	<b>91.0</b>	<b>93.1</b>

**Source:** 1. Report of the Fourth Pay Commission.  
2. Data compiled by the Fifth Pay Commission

## DISTRIBUTION OF SANCTIONED POSTS OF CENTRAL GOVT. BY MAJOR DEPARTMENTS

Ministry/Deptt.	No. of regular Posts (Lakhs)				Absolute increase between 1994 & 1984	Percent increase		
	1957	1971	1984	1994		1971 over 1957	1984 over 1971	1994 over 1984
1.	2.	3.	4.	5.	6.	7.	8.	9.
Railways	9.97	13.99	15.05	15.46	0.41	40.3	7.6	2.7
% to Total	57.4	46.9	39.7	37.0	10.5			
Communications	1.98	3.93	6.84	7.54	0.70	98.5	74.0	10.2
% to Total	11.4	13.2	18.1	18.1	18.0			
Defence (Civilian)	2.60	5.97	7.23	6.73	-0.50	129.6	21.1	-6.9
% to Total	15.0	20.0	19.1	16.1	-12.9			
Other Departments	2.82	5.93	8.75	12.03	3.28	110.3	47.6	37.5
% to Total	16.2	19.9	23.1	28.8	84.3			
<b>Total</b>	<b>17.37</b>	<b>29.82</b>	<b>37.87</b>	<b>41.76</b>	<b>3.89</b>	<b>71.7</b>	<b>27.0</b>	<b>10.3</b>
	100.0	100.0	100.0	100.0	100.0			
Annual compound Growth Rate (%)		3.9	1.9	1.0				

Source: Data collected by different Pay Commissions

**DISTRIBUTION OF SANCTIONED AND FILLED POSTS IN CENTRAL GOVERNMENT AND  
UNION TERRITORIES BY GROUPS AS ON 31-3-1994**

(Lakhs)

Group	Sanctioned Posts			Filled Posts		
	Central Government	Union Territories	Total	Central Government	Union Territories	Total
1.	2.	3.	4.	5.	6.	7.
Group 'A'	0.90	0.04	0.94	0.72	0.04	0.76
(% to Total)	2.2	2.4	2.2	1.9	2.7	1.9
Group 'B'	1.36	0.12	1.48	1.19	0.11	1.30
(% to Total)	3.3	7.4	3.4	3.1	7.3	3.2
Group 'C'	27.88	1.18	29.06	25.92	1.08	27.00
(% to Total)	66.8	72.4	67.0	66.9	72.0	67.1
Group 'D'	11.39	0.29	11.68	10.69	0.27	10.96
(% to Total)	27.3	17.8	26.9	27.6	18.0	27.2
Un-classified	0.23	0.00	0.23	0.21	0.00	0.21
(% to Total)	0.6	0.0	0.5	0.5	0.0	0.5
<b>Total</b>	<b>41.76</b>	<b>1.63</b>	<b>43.39</b>	<b>38.73</b>	<b>1.50</b>	<b>40.23</b>
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## TRENDS IN REGULAR EMPLOYMENT IN CENTRAL GOVERNMENT

(lakhs)

Year (as on 31st march)	Civilian Employees @		Defence Forces @@				Total Central	
	other than Defence	Defence	Army	Navy	Air-Force	Total	Govt. Employees	
1.	2.	3.	4.	5.	6.	7.	8.	
1971	22.25	4.74	8.30	0.30	1.06	9.66	36.65	
1981	28.87	5.20	8.81	0.36	1.20	10.37	44.44	
1991	32.87	5.26	9.98	0.51	1.40	11.89	50.02	
1995	N.A.	N.A.	9.98	0.52	1.41	11.91	N.A.	
Annual compound growth rate (%)								
1971-81	2.6	0.9	0.6	1.9	1.2	0.7	1.9	
1981-91	1.3	0.1	1.3	3.5	1.6	1.4	1.2	

**Source:** @ D.G.F. & T.  
 @@ Authorized strength as reported by Armed Forces Pay Cell.

# **TRENDS IN DISTRIBUTION OF SANCTIONED POSTS IN CENTRAL GOVERNMENT BY GROUP OF POST**

(Figures in Lakhs)

Year -----	Group of Post -----					
	A	B	C	D	Un-classi- fied	Total
1.	2.	3.	4.	5.	6.	7.
1957	0.10	0.19	7.29	9.78	N.A.	17.37
(% to Total)	(0.6)	(1.1)	(42.0)	(56.3)		(100.0)
1971	0.34	0.46	15.45	13.38	0.19	29.82
(% to Total)	(1.1)	(1.6)	(51.8)	(44.9)	(0.6)	(100.0)
1984	0.68	0.80	22.87	13.31	0.21	37.87
(% to Total)	(1.8)	(2.1)	(60.4)	(35.1)	(0.6)	(100.0)
1994	0.90	1.36	27.88	11.39	0.23	41.76
(% to Total)	(2.2)	(3.3)	(66.8)	(27.2)	(0.5)	(100.0)
Increase in 1994 over 1957						
(i) Absolute	0.80	1.17	20.59 <sup>1</sup>	1.61	0.23	24.39
(ii) Annual compound growth rate (%)	6.0	5.4	3.7	0.4		2.4

**Source:**

1. Data for the years 1957, 1971 and 1984 Report of the Fourth Pay Commission.
2. Data for the year 1994 is based on data collected by the Fifth Pay Commission.



## DISTRIBUTION OF SANCTIONED POSTS IN THE CENTRAL GOVT. BY GROUPS AND MAJOR DEPARTMENTS

Group	Railways			Communications			Defence (Civilian)			Others			Total		
	1984	1994	Increase (Absolute/ Percent)	1984	1994	Increase (Absolute/ Percent)	1984	1994	Increase (Absolute/ Percent)	1984	1994	Increase (Absolute/ Percent)	1984	1994	Increase (Absolute/ Percent)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
A	7728	9591	1863 24.1	3625	8381	4756 131.2	11653	15900	4247 36.4	44963	55791	10828 24.1	67969	89663	21694 31.9
B	3560	5664	2104 59.1	9870	23772	13902 140.9	8847	18116	9269 104.8	57775	87906	30131 52.2	80052	135458	55406 69.2
C	814357	951112	136755 16.8	540990	558552	17562 3.2	341906	411919	70013 20.5	589576	666148	276572 46.9	2286829	2787731	500902 21.9
D	679046	579385	-99661 -14.7	124682	162944	38262 30.7	361066	226878	-134188 -37.2	165085	170341	4256 2.6	1330879	1139548	-191331 -14.4
Un- Classified	N.A.	43	N.A.	4368	0	N.A.	62	0	N.A.	16890	23166	N.A.	21334	23209	N.A.
<b>Total</b>	<b>1504691</b>	<b>1545795</b>	<b>41104</b> <b>2.7</b>	<b>683535</b>	<b>753649</b>	<b>70114</b> <b>10.3</b>	<b>723534</b>	<b>672813</b>	<b>-50721</b> <b>-7.0</b>	<b>875289</b>	<b>1203352</b>	<b>328063</b> <b>37.5</b>	<b>3787063</b>	<b>4175609</b>	<b>388546</b> <b>10.3</b>

Source: Data collected by Pay Commission.

**MINISTRY/DEPARTMENTWISE SANCTIONED POSTS IN CENTRAL GOVERNMENT AND UNION TERRITORIES  
BY GROUPS AS ON 31-3-1994**

code	Ministry/Department	By Groups					
		A	B	C	D	Unclass.	Total
1.	2.	3.	4.	5.	6.	7.	8.
<b>I.</b>	<b>Central Government</b>						
40	Ministry of Agriculture	857	1239	5198	3679	-	10973
41	Ministry of Chemicals and Fertilizers	114	213	260	144	-	731
42	Ministry of Civil Aviation and Tourism	373	346	1028	400	-	2147
43	Ministry of Civil Sup. Con. Affairs & Pub. Distri.	81	137	226	163	-	607
44	Ministry of Coal	36	61	246	101	-	444
45	Ministry of Commerce	817	1598	4933	1978	4	9330
46	Ministry of Communications	8381	23772	558552	162944	-	753649
48	Ministry of Environment and Forests	660	572	2113	1888	-	5243
49	Ministry of External Affairs	844	2076	2520	864	2	6306
50	Ministry of Finance	5983	11796	124618	8811	20416	171624
51	Ministry of Food	157	326	708	649	-	1840
52	Ministry of Food Processing Industries	99	173	617	138	-	1027
53	Ministry of Health and family Welfare	3336	1362	13146	8042	1	25887
54	Ministry of Home Affairs	8943	11802	483804	42030	88	546667
55	Ministry of Human Resources and Development	718	1528	3886	7596	-	13728
56	Ministry of Industry	962	1291	3796	2038	-	8087
57	Min. of I & B	4152	10345	32938	11769	2647	61851
58	Ministry of Labour	1618	891	4185	2341	2	9037
59	Ministry of Law, Justice and Company affairs	542	547	1810	663	-	3562
60	Ministry of Mines	2792	1181	10946	1129	-	16048
61	Ministry of Non-Conventional Energy Sources	187	84	184	82	-	537
62	Ministry of Parliamentary Affairs	12	44	56	28	-	140
63	Ministry of Personnel, Public Grievances and Pensions	4029	5347	1213	-	8261	18749
64	Ministry of Petroleum and Natural Gas	32	105	101	64	-	302
65	Ministry of Planning and Programme Implementation	411	692	5471	461	-	7035
66	Ministry of Power	600	430	860	265	-	2155
67	Ministry of Railways	9591	5664	951112	579385	43	1545795
68	Ministry of Rural Areas and Employment	259	573	869	569	-	2270
69	Ministry of Science and Technology	1138	2085	12950	9903	-	26076
70	Ministry of Steel	46	119	263	152	-	580
71	Ministry of Surface Transport	1333	942	18032	29769	-	50076
72	Ministry of Textiles	199	351	4346	1719	-	6615
73	Ministry of Urban Affairs and Employment	1450	3035	26721	10571	41777	62283
74	Ministry of Water Resources	1665	1750	8116	4644	-	16175
75	Ministry of Welfare	143	275	451	248	6	1123
76	Ministry of Defence	15900	18116	411919	226878	-	672813
90	Department of Atomic Energy	3238	2504	12261	4844	-	22847
91	Department of Electronics	463	459	530	259	-	1711
92	Department of Ocean Development	45	51	75	40	-	211
93	Department of Space	5121	3033	6605	1572	-	16331
100	Cabinet Secretariat	883	4937	5947	499	-	12266
101	President's Secretariat	25	97	105	99	-	326
102	Prime Minister's Office	34	152	161	137	-	484
105	UPSC	142	525	847	543	-	2057
106	Central Vigilance Commission	32	61	65	57	-	215
107	Election Commission of India	26	93	69	71	-	259

code	Ministry/Department	By Groups							
1.	2.	A	B	C	D	Unclass.	Total		
108	Planning Commission	1387	2025	1324	638		5374		
112	Indian Audit and Accounts Service	3014	13932	56688	6766		80100		
113	Supreme Court	208	697	110	705		1720		
114	High Court of Delhi	122	162	616			900		
Total - I		89663	135458	2787731	1139548	23209	4175609		
Union Territories									
12202	Delhi	2293	10592	81233	8051		102169		
12203	Andaman and Nicobar Islands	420	653	13975	10427		25475		
12204	Lakshadweep	69	220	3113	1506		4908		
12205	Chadra and Nagar Haveli	110	67	1976	331		2484		
12206	Daman and Diu	86	96	1863	646		2691		
12207	Pondicherry	1279	682	15647	7987		25595		
Total - II		4257	12310	117807	28948	-	163322		
Grand Total (I+II)		93920	147768	2905538	1168496	23209	4338931		

Source: Statistical Schedule received from Ministries.

MINISTRY/DEPARTMENTWISE FILLED POSTS IN CENTRAL GOVERNMENT AND UNION TERRITORIES BY GROUPS AS ON 31-3-1994

code	Ministry/Department	By Groups					Total
		A	B	C	D	Unclass.	
1.	2.	3.	4.	5.	6.	7.	8.
<b>I.</b>	<b>Central Government</b>						
40	Ministry of Agriculture	587	1068	4614	3482	-	9751
41	Ministry of Chemicals and Fertilizers	101	198	217	143	-	659
42	Ministry of Civil Aviation and Tourism	263	320	905	377	-	1865
43	Ministry of Civil Sup. Con. Affairs & Pub. Distri.	63	175	194	159	-	591
44	Ministry of Coal	35	49	242	99	-	425
45	Ministry of Commerce	663	1343	4222	1769	2	7997
46	Ministry of Communications	5404	22117	487563	165430	-	680514
48	Ministry of Environment and Forests	469	495	1909	1837	-	4710
49	Ministry of External Affairs	728	1885	2138	805	2	5558
50	Ministry of Finance	6066	11560	117303	8460	18547	161936
51	Ministry of Food	140	302	700	626	-	1768
52	Ministry of Food Processing Industries	72	134	404	125	-	735
53	Ministry of Health and family Welfare	2606	1069	11327	7771	1	22774
54	Ministry of Home Affairs	6714	9378	456321	41949	88	514450
55	Ministry of Human Resources and Development	549	1221	3195	7472	-	12437
56	Ministry of Industry	701	966	3068	1884	-	6619
57	Min. of I & B	2862	6997	20107	8449	2012	40427
58	Ministry of Labour	1353	742	3795	2244	2	8136
59	Ministry of Law, Justice and Company affairs	433	502	1703	599	-	3237
60	Ministry of Mines	2286	956	7264	1052	-	11558
61	Ministry of Non-Conventional Energy Sources	141	75	153	80	-	449
62	Ministry of Parliamentary Affairs	12	44	56	28	-	140
63	Ministry of Personnel, Public Grievances and Pensions	3980	4662	1168	-	7194	16904
64	Ministry of Petroleum and Natural Gas	32	105	101	64	-	302
65	Ministry of Planning and Programme Implementation	280	594	4654	397	-	5925
66	Ministry of Power	537	406	758	265	-	1966
67	Ministry of Railways	9332	5470	938914	547670	42	1501428
68	Ministry of Rural Areas and Employment	192	511	783	509	-	1995
69	Ministry of Science and Technology	825	1798	11491	9245	-	23359
70	Ministry of Steel	49	119	262	152	-	582
71	Ministry of Surface Transport	1081	796	17738	29651	-	49266
72	Ministry of Textiles	166	324	4026	1627	-	6143
73	Ministry of Urban Affairs and Employment	1368	22398	8851	-	35480	49337
74	Ministry of Water Resources	1351	1564	6945	4387	-	14247
75	Ministry of Welfare	117	250	413	238	-	1018
76	Ministry of Defence	11688	15852	375599	195508	-	598647
90	Department of Atomic Energy	2937	2257	11203	4083	-	20480
91	Department of Electronics	404	408	472	242	-	1526

92	Department of Ocean Development	33	40	53	30	156
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code	Ministry/Department	By Groups					Total
		A	B	C	D	Unclass.	

  

1.	2.	3.	4.	5.	6.	7.	8.
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93	Department of Space	4928	2886	6377	1454	-	15645
100	Cabinet Secretariat	592	4145	4614	465	-	9816
101	President's Secretariat	22	89	97	95	-	303
102	Prime Minister's Office	29	135	143	118	-	425
105	UPSC	130	424	735	450	-	1739
106	Central Vigilance Commission	31	58	56	57	-	202
107	Election Commission of India	25	88	152	71	-	336
108	Planning Commission	1272	1891	1164	571	-	4898
112	Indian Audit and Accounts Service	2221	12665	49468	6060	-	70414
113	Supreme Court	190	619	100	668	-	1577
114	High Court of Delhi	101	117	591	-	-	809
Total - I		72565	119050	2591369	1068936	20696	3872616
II - Union Territories							
12202	Delhi	1903	9904	74705	7567	..	94079
12203	Andaman and Nicobar Islands	312	541	13175	9593	..	23621
12204	Lakshadweep	54	206	2840	1480	..	4580
12205	Dadra and Nagar Haveli	86	58	1910	318	..	2372
12206	Daman and Diu	87	96	1857	647	..	2687
12207	Pondicherry	1071	592	14006	7436	..	23105
Total - II		3513	11397	108493	27041	..	150444
Grand Total (I+II)		76078	130447	2699862	1095977	20696	4023060

Source: Statistical Schedule received from Ministries.

**AUTHORISED STRENGTH OF ALL INDIA SERVICES**

<b>Service</b>	<b>1971</b>	<b>1984</b>	<b>1.1.96</b>
1.	2.	3.	4.
Indian Administrative Service	3203	5047	5067
Indian Police Service	1790	2679	3344
Indian Forest Service	1097	2006	2672

**DISTRIBUTION OF POSTS BY PERMANENT AND TEMPORARY STATUS  
AND MAJOR DEPARTMENTS**

Ministry	Posts Sanctioned									(Lakhs)
	1971			1984			1994			Increase in Tempo- rary posts between 1994 & 1984
	Perma- nent	Tempo- rary	Total	Perma- nent	Tempo- rary	Total	Perma- nent	Tempo- rary	Total	
	2.	3.	4.	5.	6.	7.	8.	9.	10.	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Railways (% to Total)	12.45 89.0	1.54 11.0	13.99 100.0	13.92 92.5	1.13 7.5	15.05 100.0	12.73 82.3	2.73 17.7	15.46 100.0	1.60
Communications (% to Total)	3.10 78.9	0.83 21.1	3.93 100.0	5.11 74.7	1.73 25.3	6.84 100.0	6.18 82.0	1.36 18.0	7.54 100.0	-0.37
Defence (Civilian) (% to Total)	3.12 52.3	2.85 47.7	5.97 100.0	5.15 71.2	2.08 28.8	7.24 100.0	6.43 95.5	0.30 4.5	6.73 100.0	-1.78
Other Departments (% to Total)	3.66 61.7	2.27 38.3	5.93 100.0	6.41 73.2	2.34 26.8	8.75 100.0	9.59 79.7	2.44 20.3	12.03 100.0	0.10
Total (% to Total)	22.33 74.9	7.49 25.1	29.82 100.0	30.59 80.8	7.28 19.2	37.87 100.0	34.93 83.6	6.83 16.4	41.76 100.0	-0.45

Source: 1 Report of the Fourth Pay Commission  
2 Data compiled by the Fifth Pay Commission.

**DISTRIBUTION OF FILLED POSTS IN CENTRAL GOVERNMENT AND  
UNION TERRITORIES IN DIFFERENT SCALES OF PAY • AS ON 31.3.1994**

		(Numbers)		
Pay Scales		Central Government	Union Territories	Total
1.		2.	3.	4.
1	9000 (Fixed)	11	0	11
2	8000 (Fixed)	167	3	170
3	7600-100-8000	7	0	7
4	7600 (Fixed)	21	0	21
5	7300-200-7500-250-8000	51	0	51
6	7300-100-7600	456	10	466
7	7000 (Fixed)	0	1	1
8	5900-200-7300	130	1	131
9	5900-200-6700	3087	54	3141
10	5100-150-6300-200-6700	16	0	16
11	5100-150-5700-200-6300	839	0	839
12	5100-150-6150	252	3	255
13	5100-150-5700	41	0	41
14	4800-150-5700	173	3	176
15	4500-150-5700-200-7300	17	41	58
16	4500-150-5700	5799	31	5830
17	4100-125-4850-150-5300	711	0	711
18	4000 (Fixed)	0	2	2
19	3950-125-4700-150-5000	211	15	226
20	3700-125-4950-150-5700	452	51	503
21	3700-125-4700-150-5000	10462	355	10817
22	3700-150-4450	18	1	19
23	3640-110-3750-130-4400-160-5200- 190-6150-230-7300-280-7580	4	0	4
24	3300-120-3900-150-4800	65	0	65
25	3200-100-3700-125-4700	427	32	459
26	3150-100-3350	800	0	800
27	3110-90-3200-110-3750-100-4400- 160-5200-190-6150-230-6380	8	0	8
28	3000-100-3500-125-5000	1036	182	1218
29	3000-100-3500-125-4500	26256	1209	27465
30	3000-125-3625	39	0	39
31	2525-75-2750-90-3200-110-3750- 130-4400-160-5200-190-5390	7	0	7
32	2200-75-2800-EB-100-4000	27450	1801	29251
33	2375-75-3200-EB-100-3500	20763	155	20918
34	2000-60-2300-EB-75-3200-100-3500	54620	1760	56380
35	2000-60-2300-EB-75-3200	73728	1572	75300
36	1640-60-2600-EB-75-2900	129334	14044	143378



(Numbers) Pay Scales		Central Government	Union Territories	Total
1.		2.	3.	4.
37	2630 (Fixed)	236	0	236
38	2630-75-2780	145	96	241
39	2630-75-2705			
40	2300-100-2800	78	0	78
41	2075-60-2375-75-2750-90-3200-110-3750-130-4270	2	0	2
42	2000-60-2120			
43	2000 (Fixed)	0	1	1
44	1975-50-2075-60-2375-75-2750-90-3200-110-3750-130-4010	6	0	6
45	1810-70-2510-80-3280	1	0	1
46	1600-50-2300-EB-60-2660	89242	382	89624
47	1400-40-1600-50-2300-EB-60-2600	89881	29883	119764
48	1400-40-1800-EB-50-2300	230429	4246	234675
49	1350-30-1440-40-1800-EB-50-2200	26468	540	27008
50	1320-30-1560-EB-40-2040	185007	4388	189395
51	1200-30-1560-EB-40-2040	200604	15221	215825
52	1200-30-1440-EB-30-1800	135017	619	135636
53	1150-25-1500	13315	3543	16858
54	1000-25-1320-EB-30-1750	118	0	118
55	975-25-1150-EB-30-1660	312079	795	312874
56	975-25-1150-EB-30-1540	23959	1355	25314
57	950-20-1150-EB-25-1500	436966	8425	445391
58	950-20-1150-EB-25-1400	88992	29743	118735
59	825-15-900-EB-20-1200	547707	3819	551526
60	800-15-1010-20-1150	354607	3561	358168
61	775-12-871-14-1025	233058	3738	236796
62	750-12-870-14-940	547241	18763	566004
<b>Total</b>		<b>3872616</b>	<b>150444</b>	<b>4023060</b>

\* This includes certain non-standard pay scales.

**MINISTRY/DEPARTMENTWISE FILLED POSTS IN CENTRAL GOVERNMENT AND UNION  
TERRITORIES BY PAY SCALE  
AS ON 31-3-1994**

code	Ministry/Department	Pay Scale (Rs.)				
		9000 (Fixed)	8000 (Fixed)	7600- 8000	7300- 7600	5900 6700
1.	2.	3.	4.	5.	6.	7.
<b>1.</b>	<b>Central Government</b>					
40	Ministry of Agriculture	..	2	..	1	21
41	Ministry of Chemicals and Fertilizers	..	2	..	2	10
42	Ministry of Civil Aviation and Tourism	..	2	1	2	8
43	Ministry of Civil Sup. Con. Affairs & Pub. Distri.	1	..	..	..	5
44	Ministry of Coal	..	1	..	1	3
45	Ministry of Commerce	..	3	..	8	20
46	Ministry of Communications	..	5	..	31	342
48	Ministry of Environment and Forests	..	2	..	4	16
49	Ministry of External Affairs	..	23	..	27	128
50	Ministry of Finance	1	25	..	33	532
51	Ministry of Food	..	..	..	2	5
52	Ministry of Food Processing Industries	..	..	..	..	2
53	Ministry of Health and family Welfare	..	3	..	6	85
54	Ministry of Home Affairs	..	9	5	11	117
55	Ministry of Human Resources and Development	..	2	..	3	11
56	Ministry of Industry	..	5	..	3	13
57	Min. of I & B	..	1	..	5	46
58	Ministry of Labour	..	2	..	2	13
59	Ministry of Law, Justice and Company affairs	..	3	..	4	12
60	Ministry of Mines	..	..	..	3	21
61	Ministry of Non-Conventional Energy Sources	..	1	..	..	1
62	Ministry of Parliamentary Affairs	..	1	..	..	1
63	Ministry of Personnel, Public Grievances and Pensions	..	3	..	5	17
64	Ministry of Petroleum and Natural Gas	..	1	..	..	6
65	Ministry of Planning and Programme Implementation	..	2	..	1	10
66	Ministry of Power	..	3	..	6	40
67	Ministry of Railways	..	6	1	132	1019
68	Ministry of Rural Areas and Employment	..	1	..	2	9
69	Ministry of Science and Technology	..	3	..	5	14
70	Ministry of Steel	..	2	..	2	13
71	Ministry of Surface Transport	..	1	..	5	20
72	Ministry of Textiles	..	..	..	..	4
73	Ministry of Urban Affairs and Employment	..	3	..	4	46
74	Ministry of Water Resources	..	1	..	5	40
75	Ministry of Welfare	..	14	..	..	4

code	Ministry/Department	Pay Scale (Rs.)				
		9000 (Fixed)	8000 (Fixed)	7600- 8000	7300- 7600	5900 6700
1.	2.	3.	4.	5.	6.	7.
76	Ministry of Defence	..	7	..	8	118
90	Department of Atomic Energy	..	2	..	..	..
91	Department of Electronics	..	1	..	3	52
92	Department of Ocean Development	..	1	..	..	2
93	Department of Space	..	1	..	3	87
100	Cabinet Secretariat	1	7	..	7	50
101	President's Secretariat	..	1	..	..	7
102	Prime Minister's Office	3	..	..	..	..
105	UPSC	1	9	..	..	4
106	Central Vigilance Commission	1	..	..	..	3
107	Election Commission of India	3	..	..	1	2
108	Planning Commission	..	3	..	1	6
112	Indian Audit and Accounts Service	..	2	..	15	97
113	Supreme Court	..	1	..	3	4
114	High Court of Delhi	..	..	..	..	1
	<b>Total - I</b>	<b>11</b>	<b>167</b>	<b>7</b>	<b>456</b>	<b>3087</b>
<b>II.</b>	<b>Union Territories</b>		3	..	10	54
<b>III.</b>	<b>Grand Total (I+II)</b>	<b>11</b>	<b>170</b>	<b>7</b>	<b>466</b>	<b>3141</b>

Source: Statistical Schedule received from Ministries.

## Workforce Size Control

### INTRODUCTION

27.1 Optimization of the Government machinery, rightsizing of Government, workforce size control -these are various facets of the same problem. It must have been noticed that reduction in the overall size of the bureaucracy is the underlying idea behind all the civil service reforms that we have advocated in the preceding chapters. Here we would like to gather all the threads and describe the overall strategy in clear-cut terms.

### OVERALL STRATEGY

27.2 We would like to divide the overall strategy into four main sections as under :

*Reduction in  
quantum of work*

a) **Suggestions that will lead to reduction in the quantum of work left with the Central Government. We have to :**

- i) Ascertain tasks that need not be done by Government
- ii) Pass on tasks to State Governments
- iii) Transfer certain tasks to corporate entities in public sector
- iv) Contract out tasks to the private sector
- v) Transfer some entities to the cooperative sector
- vi) Convert some institutions into autonomous bodies

*Reduction due to  
organisational  
restructuring*

b) **Suggestions that will lead to reduction in number of employees required, because of organisational restructuring. These include:**

- i) Reduction in number of Ministries and Departments
- ii) Introduction of officer-oriented system in Government
- iii) Delayering and level-jumping
- iv) Multiskilling

*Reduction due to induction of technology*      c)      **Suggestions that will reduce the necessity for so many employees due to induction of technological change in Government. These include**

- i)      Computerization
- ii)      Office automation
- iii)      Creation of a paperless office
- iv)      Changes in office systems and file management

*Rightsizing strategies*      d)      **Rightsizing strategies that will enable Government to shed some fat. These include :**

- i)      Abolition of vacant posts
- ii)      Freeze on recruitment
- iii)      Across the board cut
- iv)      Statutory control on creation of new posts
- v)      Voluntary retirement
- vi)      Compulsory retirement

27.3      The items at (a) to (c) have already been covered elsewhere. In this chapter, we will concentrate on rightsizing under item (d).

## ABOLITION OF VACANT POSTS

*Number of vacant posts*      27.4      Currently, there are around 3.5 lakh posts vacant in Government. Some of these have been vacant for some time and there has possibly been no deterioration in Government's functioning because of the vacancies. In fact, certain areas might have improved because a few posts are vacant. Even today, the instructions of the Government lay down that if a post has remained vacant for more than a year, the post is deemed to have been abolished.

*Our recommendations*      27.5      **We recommend that Government abolish these 3.5 lakh posts at one stroke, unless in some particular case Government feels otherwise.** Various arguments will naturally be brought up against such a course of action. Posts fall vacant due to various reasons. They remain vacant due to other, very cogent reasons. None of these reasons are possibly the fault of the administrative department. As such, they should not be made to suffer.

*Strategy for abolition*      27.6      It may also be pleaded that vacancies arise at different levels. If at all such vacant posts are to be abolished, Ministries should be allowed to fill up the higher posts and only the posts at the lowest level where fresh direct recruitment is to take place should be abolished. This would ensure that promotions to higher posts are not retarded due to abolition of posts.

*Abolition based on functional considerations ?*      27.7      Another argument could be that abolition, like creation, should be a conscious decision based on functional considerations and it should be resorted to only if a surplus is identified after a proper work study.

*The arguments are faulty*      27.8      All these lines of reasoning proceed from a central assumption which is faulty. It is being assumed that more people make an organisation

efficient. Once we understand that we have too many employees in Government, reduction in numbers will be seen as an attempt to reduce the crowd. People will welcome it as a step in the right direction. Secondly, experience has shown that work studies often lead to recommendations for additional staff due to the counter-strategies for inflation of workload adopted by the existing staff. If we wait for work studies to identify surpluses, we may have to wait indefinitely. As far as promotion prospects are concerned, we cannot make an omelette without breaking some eggs. Whenever downsizing initiatives are undertaken, someone will be hurt. That is why we are introducing the Assured Career Progression Scheme as an antidote, so that people do not at least suffer financially.

*No arguments to be allowed*

27.9 **We, therefore, recommend that no arguments should be allowed against the decision to abolish the existing vacant posts.**

### **FREEZE ON RECRUITMENT**

*Current status of fresh recruitments*

27.10 It would be of no use abolishing the vacant posts, if further recruitment goes on merrily, without any brakes being applied. It is reported that currently around 70,000 posts are filled up every year. Obviously, most of these are at the level of supporting and auxiliary staff.

*Total freeze suggested at some levels*

27.11 Our basic thesis is that we are holding too much manpower at the level of supporting and auxiliary staff and that we should move towards an officer-oriented organisational structure. This can only be achieved if a total freeze on fresh recruitment of manpower in the categories of supporting and auxiliary staff is applied.

*Reduction in intake at other levels*

27.12 As regards the executives and supervisory staff, the fresh recruitment cannot be stopped, as this would result in cadres that are twisted out of shape. Government has already brought down the fresh intake into the IAS, IRS and other services. The reduction in intake has to be applied in all services that operate at the level of executives and supervisory staff.

### **ACROSS THE BOARD CUT**

27.13 The next step is to frame a ten-year manpower plan. If we have to plan for a 30% cut across-the-board within a time frame of ten years, it would amount to 3% reduction in manpower levels every year. As this is the normal attrition rate due to retirements, deaths, resignations etc., a total freeze on fresh recruitment alone can achieve the 30% reduction within ten years. To the extent that fresh recruitments are made, as in the cadres of executives and supervisory staff, recourse may have to be had to other methods of reducing manpower levels.

### **STATUTORY CONTROL ON CREATION OF NEW POSTS**

27.14 There is a tendency on the part of departments to send proposals for creation of new posts for any additional schemes that they may be called upon

to implement. It is rare for a Secretary or Head of Department to figure out ways and means of dovetailing the scheme in the job list of existing functionaries. Resultantly, even if some jobs are cut, we are back at square one if an equivalent number of fresh jobs are created in the meantime. This has been the fate of all the 10% cuts that are ordered, sometimes by the Ministry of Finance, sometimes by the Prime Minister. Parkinson's Law operates, inviolate.

27.15 One method adopted elsewhere in the world is to have a statute on number of posts sanctioned in all Ministries and Departments of Government. This number then acts as the ceiling beyond which no one can raise the number of sanctioned posts without approaching Parliament for an amendment of the Act. We recommend that such a Ceiling on Sanctioned Posts Act be got enacted by the Government.

### **VOLUNTARY RETIREMENT**

27.16 We have in a separate chapter enunciated our concept of voluntary retirement. Two kinds of schemes are envisaged. The normal procedure for voluntary retirement after completing 20 years of service is to be continued. Over and above this, a special scheme of voluntary retirement can be started in any department where surplus manpower has been identified. In such a scheme, there will be provision for selective retirement of persons, the initiative always resting with the Government, and for a golden handshake. It is hoped that such schemes will be made use of, in order to render it easier for people to tide over the difficult period of unemployment following the operation of redundancy procedures.

### **COMPULSORY RETIREMENT**

27.17 Compulsory retirement is not exactly tuned in to the rightsizing of Government. In fact, the accent here is on getting rid of people who are either incompetent or lacking in integrity. But it is possible to launch campaigns for retirements of a compulsory nature in departments where redundancies have been noticed.

### **INCENTIVES FOR RIGHT-SIZING**

*Savings can be  
diverted*

27.18 It is also possible to conceive of in built incentives for rightsizing of departments. One idea has been floated by us in the context of manpower levels in the armed forces. It has been suggested that long-term perspectives on defence budget allocations be approved by the Ministry of Finance, with the proviso that if the Chiefs are able to save on manpower-related expenditure the savings can be used on other expenditure of their choice, say, for purchase of equipment. A similar incentive can be offered to all Secretaries and Heads of Departments. This would be a one-way valve. Only savings on manpower-related expenses can be diverted to other productive uses. The reverse would not be permissible.

*Incentives out of savings*

27.19

Another variant on the same theme is the idea that in case a group of persons working in a team are asked to reduce the size of the team, a certain percentage of the saving on manpower-related expenditure can be distributed among the remaining members of the team, provided that the reduction in team size is made permanent through abolition of the post and all the production or service targets are fulfilled in time.

*No awards without savings*

27.20

Awards, Rewards, Prizes etc. could be made contingent on having achieved a certain minimum reduction in the manpower of the organisation headed by the person concerned.

## CONCLUSION

27.21

It is our firm belief that if an atmosphere for rightsizing is created right from the top, very soon we can achieve the optimum size of the Government machinery. Some detailed strategies for individual sectors are outlined in the next few chapters.



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## *Optimization: The Services*

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INTRODUCTION

*Optimization  
should start from  
the top*

28.1 Our strategy for optimization must start from the top. We are, therefore, targetting the All India Services and Group A Central Civil Services first of all. Our recommendation is that there should be an across-the-board reduction of 30% in the overall size of these Services. Details of the strategy are contained in the relevant chapters.

*Service-wise  
strategies*

28.2 In the rest of this chapter, we outline our strategy with respect to:

- A: The Engineering Services
- B: The Scientific Services and
- C: The Medical Services.

*Sectoral Strategies*

28.3 The remaining Chapters of this Section deal with sectoral strategies in respect of the railways, the postal services, the telecom services, the Central Police Organisations and the defence services.

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### *Engineering Services*

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*Introduction*

28.4 The engineering functions performed by the Central Government departments and agencies vary from conventional civil construction, manufacturing and mining to modern-day technology-driven areas of telecommunications, electronics-media and power management. We have discussed the problems and service conditions of organised engineering services later in this report. We will discuss here the impact of changing role of the government on its engineering functions.

28.5 An analysis of the broad activity-wise break-up of organised engineering services reveals that more than half the work force is engaged in civil construction and manufacturing functions, while another more than one-fourth is employed in telecommunications and electronics media

### Distribution of Engineering Personnel in Organised Services

Activity	Organisations	Group 'A'	Subordinate Cadres including Group 'B' and Draftsmen
Civil Construction (including Surveyor of Works, Electrical and Mechanical Engineers)	Central Public Works Department, Border Roads Organisation, Ministry of Surface Transport, Ministry of Information & Broadcasting, Railways Post & Telegraph Civil Wing	9,151 (41.24%)	80,649 (37.52%)
Manufacturing	Ordnance Factories, Railways, Telecom Factories	3,298 (14.87%)	60,353 (28.08%)
Telecommunications, Electronics Media	Department of Telecommunications, Ministry of Information & Broadcasting (AIR & DD), Railways	6,849 (30.87%)	59,831 (27.84%)
Water and Power Resource	Ministries of Water, Power	1,295 (5.84%)	2,385 (1.11%)
Survey, Mining	Department of Science & Technology, Ministry of Mines	489 (2.20%) (Survey only)	3,343 (1.56%) (Survey only)
Materials Management	Railways (Stores), Directorate General of Supplies & Disposals, Naval Armament Supply Organisation	1,106 (4.98%)	8,360 (3.89%)
Total		22,188 (100%)	2,14,921 (100%)

Source : Data compiled in 5th CPC

28.6 In the context of the new economic policy initiatives by the Central Government in early '90s, we commissioned the Indian Institute of Technology (IIT), Delhi to examine among other things, the role of engineering personnel in the Central Government in the changed socio-economic and political environment. The report of IIT, Delhi observes that the country is in an early exploratory stage of liberalisation, privatisation and globalisation but certain trends noted in the report as reproduced below are significant pointers to the future of engineering functions of the Government.

- less government : Government will play a more supportive role - a major shift from earlier active 'doer role'.
- a three-way partnership : of Industry, NGO's and government will emerge. Industry will be trustee of technologies, production and industrial growth.
- Social Investor : Escalation of social investment in irrigation, health, education and other aspects of welfare. Even in these areas implementation may be off loaded to private Engineering Procurement and Construction (EPC) firms, NGOs and peoples' groups.

- Essential Government: Areas such as defence, internal security will remain with government. Parts of defence production, maintenance and construction may be off-loaded. Planning, project appraisal and monitoring, quality assurance and certifications will continue to be a government responsibility.
- Privatisation: Will be progressively adopted to access resources, latest technology and better performance.
- Regulatory government: Regulatory role of government is expected to increase.
- Global standards: Global standards in quality, cost and service will require engineers to remain abreast of best in engineering practice.
- Middle-bulge: The role of middle level engineers is expected to be reduced.
- Diversity in role and profile: Changes in the role and profile of different engineering departments/ministries will vary significantly.

*Civil  
Construction and  
Manufacturing:  
Redundancy*

28.7 In the context of our overall strategy for right-sizing of Government outlined in the previous Chapter, we feel very strongly that Government need not involve itself in civil-construction and manufacturing activities which employ a large engineering work-force. In fact, particularly in the field of civil construction where private participation is significant, the government needs to drastically reduce numbers. We find from another report of an inter-departmental group constituted by us that the establishment in construction agencies of the government is invariably created on the basis of the 'outlay' for works. We consider this concept to be totally out-of-date and recommend that the Government discard this principle forthwith. In our opinion, the establishment in government construction organisations should be created purely on the basis of worth-of-charge for mere management of construction work rather than with a view to building an empire of government functionaries. We have discussed the report of this inter-departmental group later in the Chapter on 'Engineering Services'.

28.8 Manufacturing activity likewise is an area wherefrom the government can totally withdraw itself, with the possible exception of critical strategic defence equipment. In Railways, for instance, a Committee constituted to study the 'Organisational Structure and Management Ethos of Indian Railways' has recommended in its report submitted in 1994, that the Railways should shed off its activities in peripheral areas. This Committee suggested converting railway production units, workshops and printing presses into fully owned corporations of Indian Railways, to be later associated with public capital from financial institutions and industry. We understand that the Railways have built their manufacturing and production capacities with a view to be self-sufficient in maintenance and production of rolling stock assets. This infrastructure is very valuable -- out of total assets of Rs.33,743 crores as on March 31, 1995 in Railways, the plant and equipment account for Rs.6,500 crores. If the value of land and buildings of workshops and production units and that of skilled manpower is also taken into account, this will constitute a significant portion of the railways'

asset-base. But probably there is no commercial, scientific system of asset-accountal in Railways. We gather that there is heavy over-capitalisation in railway workshops and production units, and after modernisation of workshops a capacity far in excess of in-house needs has been created. We are of the opinion that the railway workshops and production units can be taken up for immediate corporatisation. We suggest that the railways assess the installed capacity of workshops and production units and re-evaluate their assets on sound commercial principles to facilitate an early corporatisation of workshops and production units.

28.9 The telecom factories producing conventional telecom equipment are losing their significance in a technology-market driven telecom sector. It is time that the government withdraws altogether from this area too.

28.10 We have made our suggestions on Ordnance Factories elsewhere in the report.

*Tele-  
communications  
and Electronics  
Media*

28.11 The telecom sector and electronics media are the epicentre of fast-changing technology and market forces are threatening to overwhelm the Government in this sphere. The 'change' is inevitable. The Government needs to change policy and re-adjust its role on a war-footing. While the recent National Telecom Policy has ushered in private participation in basic telecom and value-added services, total freedom of 'air-waves' is only a matter of time in the age of satellite TV. There are indications that the Government is already gearing up to compete with global players in this field ---- the recent decision to partly privatise Doordarshan's Channel 3 and Government's efforts to pre-empt the 'Direct To Household (DTH)' satellite project of a well known global media giant are instances in point. We are, however, of the firm view that the Government will face severe constraints in its bid to compete with powerful commercial interests in these high-tech areas. The assessment of the role of the Government in this regard, made by IIT, Delhi in its report referred to above is quite appropriate as reproduced below:

"Typically in some of engineering government departments, like Telecom, there is every indication of a sizeable off-loading of work. The issues are not just that of privatisation and liberalisation but an equally important set of concerns on what constitutes the essence of a national governance system. Clearly, matters in Defence Ministry that touch the security of country shall remain with government and engineers would continue in their conventional role of planning, designing, maintaining and upgrading periodically the engineering and the technological system. But equally likely appears the strengthening of a parallel trend where the activities of Telecom Department and the Electronics Department which have a high consumer interface shall devolve to agencies outside the governmental system. Specifically, the regulatory function including planning, quality control and monitoring of the government would be in the upswing and the manufacturing and R&D function will get redefined if not substantially down scaled. To that extent the role of a segment of engineers would get modified to incorporate the judicial functions."

28.12 The Government has already initiated legislation to constitute a Telecom Regulatory Authority. The 'India Infrastructure Report' compiled by a 13 Member Committee headed by former Economic Adviser in the Ministry of Industry, Dr. Rakesh Mohan and made public by the Government in January 1997 incorporates recommendations of far reaching importance and may form the basis for economic reforms in the country's infrastructure sector in the coming years. It has been recommended in the report that the Department of Telecom be corporatised as 'India Telecom'. We endorse this recommendation of the report. We also advise that the Government immediately create the long-awaited and overdue Prasar Bharati Corporation.

*Materials  
Management*

28.13 We have noticed certain degree of redundancy in materials management stream as well, particularly after recent decentralisation of purchases made by Directorate General of Supplies and Disposals. We have discussed the issues on Indian Supply Service and Indian Inspection Service in the Chapter on Engineering Services. We suggest that the Government consider significant reduction in engineering work-force in Directorate General of Supplies & Disposals in the light of its reduced role in procurement of materials. We also recommend that the Indian Supply Service (ISS) be abolished in the long run without any prejudice to the career interests of the existing members of the Service.

*Restructuring  
inevitable*

28.14 Finally, we express our agreement with the conclusion of IIT report that in view of discernible trends noted by us earlier, a major restructuring of government ministries/departments is inevitable in the long run and we should respond to this situation in a phased manner. It is our estimate that a reduction of the total manpower in the engineering cadres by 30% within a decade is very much possible.

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## *Scientific Services*

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*Role, Objectives  
and Activities*

28.15 Transformation of the Indian society in its relentless march towards progress, self-reliance and global competitiveness, as a goal of Science and technology, is one of the major concerns of the Government. Covering a variety of fields of activity like Biotechnology, energy, ocean development, agriculture, meteorology, electronics, communication, space and atomic energy, scientific services exist in organisations concerned with work relating to basic or applied research, experimental development and design and engineering.

*Distribution of  
the services.*

28.16 Contemporary scientific and technological activity, particularly of the research and development variety, is generally carried out in the Central and State Government S&T Departments, and in some of the socio-economic Ministries, Non-government organisations, independent research institutes and in-house R&D by private sector industry. The Central Government accounts for almost 3/4th of the total expenditure on R&D activity in the country through its national laboratories and R&D institutions. The Central Government

Ministries/ Departments and their attached and subordinate offices engage about 32,831 scientific & technological personnel, as follows:-

Ministry/ Deptt./ Organisa- tion	No. of S&T Personnel				Total
	A	B	C	D	
DRDO	5790	2628	2160	215	10793
Atomic Energy	3107	1115	700	-	4922
Space	4848	1685	803	5	7341
DST	171	469	2958	-	3847
NC Energy Sources	166	3	4	-	173
Electro- nics	369	111	55	-	535
Environment & Forests	92	373	355	27	847
Ocean Development	23	12	2	-	37
Bio+Techno- logy	34	12	25	1	72
DSIR	40	2	4	-	46
Others	3079	46	742	351	4218
<b>TOTAL</b>	<b>17719</b>	<b>6465</b>	<b>7808</b>	<b>848</b>	<b>32,831</b>

28.17 The largest concentration of the scientific and technological personnel is in the first four of the organisations listed above. At the time of the Second CPC the S&T personnel comprised classes I,II &III, with a total strength of 7126. The Third CPC placed the figure at 22,026, covering the first three groups. The corresponding figure as in 1994 is estimated at 31,983. The trend of growth in employing scientific and technological talent in the Central Government can be gauged from the following:-

CPC (and year)	GROUPS			TOTAL
	A	B	C	
Second CPC (1959)	929	1427	4770	7126

CPC (and year)	GROUPS			TOTAL
	A	B	C	
Third CPC (1973)	6928 (15.4%)	4835 (9.1%)	10263 (5.6%)	22026 (6.4%)
Fourth CPC (1986)	N.A.	N.A.	N.A.	N.A.
Fifth CPC (1994)	17719 (4.6%)	6456 (1.4%)	7808 (-1.3%)	31983 (1.8%)

Source : Reports of respective CPCs (Figures in brackets indicate average annual growth rate over previous CPCs)

28.18 These figures show that while there was a planned increase of 6.4% annually between 1959 and 1973, the annual compound rate of growth dropped down drastically to 1.8% between 1973 and 1994. But even this lower growth rate is higher than the average rate of 1% for all civilians between 1984 and 1994; it is also higher than the growth rate (1.4%) of the armed forces; it is only lower than the growth rate of the central police forces. Juxtaposed with our scientific achievements, two facts stand out loud and clear. One, the impact of scientific effort was qualitatively and quantitatively more pronounced, upto the Third CPC, when economic planning emphasized a thrust towards development of industry and infrastructure. In the subsequent decades, there is a significant drop, both qualitative as well as quantitative in scientific research in terms of the impact of its applications. Transfer of technology has outpaced development of indigenous science and technology. Projects like Main Battle Tank, Light Combat Aircraft, renewable energy sources, malaria eradication, indigenous systems of medicine etc. have taken too long to reach us, and are still on the anvil. And, second, the numbers in absolute terms have still grown during the same period.

*Impact of  
liberalisation*

28.19 Development of new knowledge is essential for the development of a growing economy such as India, particularly in propagating indigenous and appropriate technologies. With liberalisation, Indian industry is faced with an open economy and being exposed to global competition. Acquisition of relevant know how is indispensable for success in the market place. Committed to socio-economic growth through adoption of scientific methods and appropriate technologies, science and technology has to measure up to the increased pressures generated in the process of liberalisation. Scientific institutions, faced with a larger need to generate research funding, will further feel the need for state-of-the-art technologies to remain globally competitive. Industry is not and cannot be expected to allocate scarce economic resources for producing knowledge not directly related to its profits. A lion's share is expected of the Central Government for investment in R&D, requiring an appropriate mix for basic and applied science. It will make economic sense for scientific research infrastructure to be of use to industry through appropriate linkages and transfer of technologies. Industry, thus, will require a more active interaction with the Government's R&D effort to exploit the available expertise. In this context, there is need to strengthen the mechanism that nurtures a long term relationship between domestic industry and research laboratories. Scientific services will require all the flexibility at their command to

give creativity and innovation a thrust in this direction. Government is expected to play an altered role in this scenario.

<i>Optimising scientific services</i>	28.20	Keeping in mind the twin objectives of the role of R&D in Government in the new paradigm and the need for optimising the size of Government machinery without sacrificing any of its thrust potential, there is an urgent need to carry out certain steps which in our opinion will keep the size of the scientific establishment of Government in line with its future role.
<i>Consultancy study</i>	28.21	We commissioned the Indian Institute of Science, Bangalore, to suggest policy alternatives for the S&T set-up in Government, keeping in mind its future role in governance. We have kept in mind the suggestions of the study in making our recommendations.
<i>Autonomous R&amp;D</i>	28.22	We observe that a large amount of R&D effort within Central Government is already carried out by autonomous bodies like CSIR, ICMR, ICAR etc. Organising R&D activities along autonomous lines helps not only in creative flexibility, but also enables the provision of appropriate linkages with industry. We recommend that research and development function within Government should as far as possible, be organised in the form of autonomous bodies to be aided and advised by Central Government, except for sensitive R&D effort related to the security and integrity of the country, which should continue to be done in Government Departments.
<i>Privatising ancillary R&amp;D support</i>	28.23	Some scientific research organisations have organised support services like supply of parts and components, conducting routine tests, calibration etc. within the departmentalised units. It is possible to permit supply of parts, components and services to remain in the private sector without affecting their working. The Rajan Committee as also the consultancy study have suggested that for development of linkages of industry with the R&D effort in Government, scientific personnel should be permitted to migrate to industry so that such ancillary services can be developed and farmed out to the private sector. On the question of lateral movement of R&D professionals we have made our recommendations elsewhere. We also recommend that services ancillary to R&D effort, as described above, should be progressively disbanded and privatised.
<i>Commercial potential</i>	28.24	The Department of Space, Atomic Energy and other research organisations have, over the decades, developed potential for providing commercial services in general and are frequently engaging themselves in the provision of such services. We have already noted elsewhere in this Report that the role of Government has to be that of a facilitator to augment provision of goods and services within the economy. It is, therefore, essential that Central Government should not directly engage itself in tapping commercial potential arising out of its R&D effort. Transfer of technology for commercial exploitation should be directed towards the public or private sector enterprises. In the relevant Chapters we have recommended disbanding or privatising of certain services of this nature.
<i>Overlapping functions</i>	28.25	We also observe that Ministries and Departments within the realm of scientific activity perform the functions that overlap with other Ministries or Departments or their attached and subordinate offices. The functions of the



National Atlas and Thematic Mapping Organisation and the Survey of India and some of the organisations dealing with fisheries (Fishery Survey of India, Central Institute of Fisheries, Nautical and Engineering Training, Central Institute of Coastal Engineering for Fisheries, Integrated Fisheries Projects, etc.) are cases in point. An area of similar overlap is the grant of assistance and advice to Government- aided institutions by Ministries and Departments other than those under whom such institutions fall. We have recommended in the relevant Chapters merger of organisations engaged in such overlapping activities and appointment of expert committees not only to identify the overlapping areas but also to suggest the optimal mix of these scientific activities within Central Government. **We recommend that such overlapping functions as have been directly identified by us or by committees, based on our recommendations, should be remedied within specified time frames which in our opinion should not go beyond the next five years.**

*Multiskilling*

28.26 The Scientific staff are generally engaged in carrying out routine testing, calibration and experimenting or assisting scientific officers in such work which includes generation of technical papers. Such staff are also found to have common qualifications, but different entry levels. In the relevant Chapters we have recommended a large element of uniformity in the entry level scales and qualifications. We have also suggested that isolated posts should not exist in Government as far as possible. Towards meeting these two ends as also obtaining the optimal mix of scientific talent in Central Government establishments, it is necessary that besides automating large office support functions in S&T activities, the staff are also trained in multi-skilled operations so that these personnel having the basic minimum qualifications need not get compartmentalised in a single field of activity. **We recommend that scientific staff should be uniformly trained in appropriate skill requirements and be part of a multi-skilled scientific work force. Wherever single and isolated posts are essential in Government for this kind of routine scientific work we recommend that the services should be obtained from the open market.**

*Optimal Teams*

28.27 Scientific work is generally creative and does not remain confined to hierarchical roles. The spirit of Team-work is of crucial importance in scientific projects. **The incentives recommended by us for working with smaller teams and effecting savings should form part of the overall assessment in the modified FCS procedures.**

*Conclusion*

28.28 The above measures have been recommended in order to organise scientific activity in Central Government on optimal lines without leaving room for any qualitative and quantitative loss of objective. **Our effort should be to achieve a 30% cut across the board in the Central Government S&T staff in the next 10 years. We are hopeful that the above measures will go a long way towards achieving this objective.**

## *Medical Services*

### *Background*

28.29 The health sector plan envisages improvement of infrastructure through delivery of primary, secondary and tertiary health care and augmenting research with the aim of achieving health for all by the year 2000 AD. The institutions and organisations in this sector are mainly concerned with medical relief & supplies, medical education, training & research and community health Programmes.

### *Size of manpower*

28.30 The Medical and Para-medical services together comprise about 25,258 personnel, of which 8327 are medical, and the rest para-medical and support staff. These personnel are primarily engaged in the delivery of preventive, promotive, curative and rehabilitative health care. The Medical personnel are part of three organised services - Central Health Service, the Indian Railway Medical Service and the Indian Ordnance Factories Health Service. There are also some medical posts outside these services. The para-medical personnel are organised into 11 categories which help the medical men in delivering the health services to the community at large. The figures of medical manpower for the period 1959-94 are as follows:-

Service	Manpower under different CPCs			
	2nd (1959)	3rd (1973)	4th (1986)*	5th (1994)
C.H.S.	1073	3138	3600	5233
I.R.M.S.	3880	2259	1650	2569
I.O.F.H.S.	521	397	550	275
Others	658	474	200	250
<b>TOTAL</b>	<b>6132</b>	<b>6268</b>	<b>6000</b>	<b>8327</b>

Source : Reports of different CPCs

Note : Figures of 1959 and 1973 include some Group B and Group C posts also, hence the decline, as only Group A posts were counted in later years

### *Annual Growth Rates*

28.31 These figures indicate that between 1986 and 1994, the manpower in medical services has grown at an annual compound rate of 4.2% which is quite considerable when compared with the overall growth rate of 1% for civilian employees during the same period.

### *Experiences of the past*

28.32 Experiments have been made in the field of medical insurance privatisation of medical practices, health delivery services, clinic sharing, etc., within and outside the country. Various Committees and Government agencies in the past have gone into the question of organising and re-organising the health delivery system and services, in keeping with the goals of primary and total health care. It has been pointed out by them that there should be no wastage of talent in the utilisation of qualified personnel for routine duties, overspecialisation should be guarded against and curative and preventive measures should be integrated.

### *Advances in medical sciences*

28.33 Advances in medical sciences and technologies have kept pace with pharmaceutical advances. Side by side, the emergence of newer diseases and

re-emergence of near-eradicated ones have made health delivery a complex and costly task. This has also highlighted the need for constant upgradation of skills and encouraging research and teaching experience. People of our country have faith in the traditional Indian Systems of Medicine and Homocopathy (ISM&H) especially as the services provided are generally cheaper and available in small towns and rural areas and the remedies are known to be generally free from side-effects. A new Department of ISM&H was created in March, 1995, to give thrust to this growing area of indigenous science. The demands made in memoranda, oral evidence, expert opinions and replies to our questionnaire, have emphasised the need to restructure the health and medical services to make these more efficient and effective without increasing the burden on the common man.

*Consultancy  
Study on Medical  
Services*

28.34 Keeping in mind the above trend and seeing the disturbing rate of growth of medical manpower in the last decade, we organised a consultancy study through the Indian Institute of Public Administration to define the future role of Government medical services, in the changing socio-economic situation in the country and to suggest measures for restructuring the medical services. The study has pointed out that health will remain a vital function in Government and, at least in the foreseeable future, it cannot be left to market forces which are driven by profit-maximisation motive. It has also emphasised the role of primary and community health care as a leading one in the years ahead. We have kept in mind the suggestions in the consultancy study in making our recommendations.

*Granting  
autonomy to  
medical research  
institutions*

28.35 Medical Education and Research is presently being carried out mostly in the Central Government and some autonomous institutions like Jawaharlal Institute of Post-graduate Medical Education and Research, National Institute of Communicable Diseases, Central Research Institute, BCG Vaccine Laboratory, Central and Regional Leprosy Institutes, Indian Council of Medical Research, National Institute of Mental Health and Neuro Sciences, Patel Chest Institute, National Academy of Medical Sciences, AIIMS, PGI, Chandigarh, etc. During discussions with us, Secretary (Health) and the Director General Health Service expressed the view that medical education and research should best be left to autonomous bodies or private sector. We have elsewhere expressed our opinion that creative scientific research requires flexibility and freedom to the extent possible to bear the desired fruit. **We recommend that medical research institutions should, as far as possible, also be organised in the form of autonomous bodies or registered societies.**

*Recognising  
private hospitals*

28.36 The Ministry of Health has recently issued orders recognising private hospitals for in-patient and specialist treatment for Central Government employees and pensioners. Though we do not advocate complete privatisation of medical and health services, there is reason to believe that such a recognition reduces the pressure of manpower on Central Government institutions delivering health care. **We accordingly recommend that at least one private hospital in each city having a CGHS dispensary should be recognised for in-patient and specialist treatment of employees and pensioners.**

*Contractual  
services*

28.37 The Consultancy study suggested that one way of attracting specialists and super-specialists and making their services available through Government institutions, is to resort to contractual appointments, with some flexibility to negotiate the terms between the contracting parties. This measure will obviate the need to have regular medical personnel with very high qualifications

and costs within Government service. A large number of medical personnel in Government are also working as general practitioners, though they possess specialist and super-specialist capabilities. We recommend that this internal resource should also be tapped for meeting such requirements. Contractual appointments should be resorted to wherever Government has a requirement for specialist and super-specialist services and is unable to fill posts through normal recruitment channels.

*Staffing Norms  
and Multiskilling*

28.38 A number of manpower requirements in the field of health care, particularly of general duty officers, nurses, pharmacists, and some other para-medicals, are based on the daily assemblage at out-patient points and bed strengths. We are of the opinion that it is possible not only to work out such requirements in individual categories, but also an overall norm that can define the requirement of para-medical personnel, given the strength of the medical practitioners in an institution. The consultancy study has also pointed out that such a norm is possible, though it is entirely a new and separate area of study. We recommend that an expert committee be appointed to study this area, so that norms can be developed for arriving at medical-paramedical ratios based on bed-strengths and patients registered at OPDs, to optimise manpower requirements. The committee should also look into the possibilities of multiskilling the para-medical personnel, so that one person can perform more than one para-medical job.

*Privatising  
certain  
paramedical  
facilities*

28.39 There are a number of para-medical and health support services readily available in the open market. Visits to some health care institutions, including CGHS dispensaries, indicate that much is left to be desired in terms of quality of service, promptness, cleanliness, etc. The consultancy study has brought out that a number of private medical laboratories for routine testing and other facilities have now come up in the open market. We recommend that routine laboratory tests, sanitation and security services should be obtained from the open market by reducing the Government arrangements after experimenting with the measure in some of the more congested dispensaries and hospitals.

*Review of old  
health  
programmes*

28.40 A number of health programmes like Malaria eradication and Filariasis control, TB Control, Iodine Deficiency Control, etc., as also preventive and promotive measures have been in vogue for long. A large number of personnel are engaged in institutions to run these programmes. We recommend that the expert committee, proposed above should also carry out a review of the effectiveness of these programmes as part of the Central Government set-up, and suggest whether the State Governments can now be handed over the implementation of these.

*Conclusion*

28.41 An optimisation based on these lines is not likely to affect the efficiency of health services in any way. We hope not only to freeze, but also to reduce the size of Government machinery, through these measures, at least by 30% over a period of next 10 years. Through the above recommendations, our aim is to keep the Central Government establishments, employed in delivery of health care trim and efficient, without diluting the objective of total health care.

## Optimization : The Railways

National  
Transport  
Scenario: Rail  
Road Modal Split

29.1 The railways and roads are two main modes of transport in our country. The railways are no longer the dominant mode of transport as can be seen in the relative growth and share of the two in national transportation scenario:

Table 1: Growth of Roads and Railways since 1950-51

Particulars	1950-51	1991-92	Percentage increase
Length of roads (Kms)	4,00,000	23,00,000	475
No. of passenger buses	34,000	3,70,000	988
No. of goods vehicles	82,000	16,05,000	1857
Route Km - railways (Km)	53,596	62,571	17
No. of passenger coaches	13,022	29,477	126
No. of goods wagons	2,05,596	5,58,347	171
Locomotives	8,342	16,931	102

Source: Planning Commission - Eighth Five Year Plan

Table 2: Road and Rail Modal Split (Estimates)

Mode	Year	Ministry of Surface Transport		Planning Commission		Average	
		Freight BTKM	Passenger BPKM	Freight BTKM	Passenger BPKM	Freight BTKM	Passenger BTKM
Rail	1985	182 (43%)	227 (20%)	182 (53%)	227 (23%)	182 (48%)	227 (21%)
Road	1985	338 (57%)	919 (80%)	161 (47%)	739 (77%)	200 (52%)	829 (79%)
Total		420 (100%)	1146 (100%)	343 (100%)	966 (100%)	382 (100%)	1056 (100%)

Table 2.1

Mode	Year	Freight	Passenger
Rail	1992	250 (39%)	307 (15%)
Road	1992	384 (61%)	1751 (85%)
Total	634 (100%)	2058 (100%)	

BTKM - Billion Tonnes Kilometres

BPKM - Billion Passenger Kilometres

Source: World Bank report, 1995 on India Transport Sector

The experts on inter-modal allocation of traffic have visualised a higher share of traffic for railways. The National Transport Policy Committee which was set up in 1978 had projected a rail-road modal split of 72 - 28 for freight traffic. Similarly, the Steering Committee on Perspective Planning for Transport Development set up by the Planning Commission projected 72 percent share of railways out of 643 billion NTKMs (Net Tonne Kilometres) of inter-regional freight traffic for 2000 A.D. The perspective Corporate Plan of Railways (1985 - 2000) underlines the need for rapid growth of the Railways' freight traffic on the basis of expert projections in the following words:

"The Railways .....need to rapidly expand the freight transport capacity to keep in tune with the rate of growth of the economy. A reasonable scenario to plan for would be with 4.5% rate of growth of the economy and 65% share of the total land freight traffic for the Railways. On this basis, the Railways freight traffic in the year 2000 is estimated to range between 370 to 400 billion NTKM."

29.3 The national economic situation has taken a significant new direction since the projections above were made in the '70s and '80s. The Indian Railways will have to probably plan for a higher rate of growth than 4.5% of the globalising national economy. But the Railways are beset with very serious problems - inadequate and slow upgradation of technology; inadequate investments in the maintenance and expansion of the system; severe resource constraint marked by virtual withdrawal of budgetary support, negative flow of funds to General Revenues, annual social obligation of approximately Rs.2,000 crores and expensive market borrowings through Indian Railway Finance Corporation (annual lease charges to IRFC on this account are estimated at Rs.1677 crores in 1996-97 Budget Estimates); and the universally acknowledged fact of overstaffing in the Railways.

29.4 The manpower profile of the railways during last few years indicates that a very significant 43 to 45 percent staff are in Group 'D' categories and approximately 31 percent are workshop artisans:

Group-wise Break-up of Personnel employed in Indian Railways

Group-wise Break-up	1990-91	1991-92	1992-93	1993-94	1994-95
Group 'A'	7,253	7,370	7,334	7,672	7,644
Group 'B'	7,039	6,938	6,508	6,106	5,835
Group 'C'					
i Workshop & Artisan	3,24,893	3,25,414	3,25,223	3,21,541	3,14,787
ii Running	93,722	93,745	92,770	91,904	92,075
iii Others	4,72,773	4,67,996	4,73,522	4,81,083	4,96,679
Group 'D'					
i Workshop & Artisan	1,98,069	1,88,627	1,88,258	1,91,121	1,83,443
ii Running	7,168	6,716	5,438	5,085	3,251
iii Others	5,30,872	5,57,260	5,54,267	5,20,983	5,06,337
Grand Total	16,51,789	16,54,066	16,45,521	16,25,495	16,02,051
Total Group 'D'	7,46,109	7,52,603	7,47,963	7,17,189	6,93,031
	(45.17%)	(45.50%)	(45.45%)	(44.12%)	(43.26%)
Workshop Artisans	5,22,962	5,14,041	5,13,481	5,12,662	4,98,230
(Group 'C' + 'D')	(31.66%)	(31.08%)	(31.20%)	(31.54%)	(31.1%)

Department-wise Break-up	1990-91	1991-92	1992-93	1993-94	1994-95
Administration	47,849	50,381	50,285	49,849	48,591
Accounts	32,295	31,462	31,304	30,502	29,943
Engineering	3,89,576	4,07,287	4,15,700	4,16,576	4,16,851
Signal & Telecom	76,948	76,021	77,425	77,761	75,855
Transportation	1,93,143	1,92,180	1,95,015	1,90,768	1,88,672
Commercial	1,19,421	1,14,267	1,14,370	1,14,708	1,13,863
Mechanical	4,68,755	4,60,670	4,41,051	4,27,379	4,10,708
Stores	41,480	40,097	39,125	38,025	37,321
Electrical	1,48,195	1,50,298	1,52,037	1,53,615	55,217
Medical	56,800	55,269	54,242	53,586	54,050
R.P.F.	61,141	60,512	59,065	57,069	55,569
Railway Board/other Railway Offices, including RPSF	16,186	15,622	15,902	15,657	15,411
Grand Total	6,51,789	16,54,066	16,45,521	16,25,495	16,02,051

Source : Ministry of Railways (Railway Board).

*Staff Costs and  
Financial  
Viability of  
Railways*

29.6 Indian Railways is a labour-intensive organisation. The productivity of manpower, therefore, is an important factor for the organisation in sustaining financial viability. The Railways have been successful in arresting growth of manpower during the last few years - the total strength of employees, in fact, has shown a decline during 1991-92 and 1994-95. The cost of staff, however, has been steadily rising as shown below:-

Year	Number of staff as on 31st March (in '000)	Expenditure on staff (Rs. in Crores)	Average cost per employee (Rs) at current prices
1950-51	913.6	113.8	1245
1960-61	1157.0	205.2	1774
1970-71	1374.2	459.9	3347
1980-81	1572.2	1316.7	8376
1990-91	1651.8	5166.3	31273
1991-92	1654.1	5760.6	34828
1992-93	1645.5	6562.4	39869
1993-94	1625.5	7286.5	44812
1994-95	1602.0	8076.9	50418

Source : Indian Railways : Year Book, 1994-95 (Ministry of Railways)

29.7 The staff costs are a substantial 45% of the ordinary working expenses in the Railway budget estimates of 1996-97. If liabilities on account of pension are included, the staff costs will be a very high 59.5% of the working expenses.

	Rs. in Crores (Budget Estimates 1996-97)
Ordinary Working Expenses	16,457
Staff Wages and other Allowances	7,448 (45.3%)
Staff Wages including Pension	9,798 (59.5%)

29.8 Experts have expressed serious doubts about the financial viability of the railways if the staff-wage bill continues to mount in this manner. The financial crisis on this account was predicted by the World Bank in their report 'India Transport Sector: Long Term Issues', 1995 when the Bank quoted from a report of Rail India Technical and Engineering Services and its own report of 1992 as under:

"Indian Railways has been a remarkably successful financial enterprise, especially when compared to many other railways in the world. Despite the steady erosion of their national freight and passenger market share, Indian Railways has been able to show a surplus in most years and a satisfactory liquidity situation.

In 1992, Bank staff examined railway accounts and found that the true costs of the labour force were much larger than commonly assumed. The addition to the formal wage bill of the wages of casual labour, pension payments and provision of housing, medical care and education and other in kind income raised the true wage bill in Financial Year 1982 to 52 percent of operating expenses instead of the official figure of 39 percent. By Financial Year 1991 this had increased to about 65 percent as rail wages rose faster than labour productivity. In preparing the projected financial statement through the year 2000 it was found that the only way to maintain satisfactory financial health was to assume a steady reduction in the labour force from 1.8 million in 1991 to 1.5 million by the year 2000 - a reduction in force of about 3,00,000 jobs. This would bring the true wage bill back down to 50 percent of operating expenses and sustained financial viability - a positive net result of about 7 billion Rupees. If, however, the labour force stays constant at the 1991 levels then the Rs. 7 billion surplus turns into a Rs. 17 billion (about US\$ 680 million) loss in the year 2000.

This trend has been identified in a recent study commissioned by the Railway Fare and Freight Committee as a steadily rising average capital output ratio since 1986-87 and a steeply rising average cost per worker over the same time period. The inability to realize the labour saving benefits of investments has reduced dramatically the marginal productivity of rail investment while increasing the debt burden. The declining budgetary support of the Central Government is exacerbating the problem as funds can no longer be found to replace existing rolling stock assets. If the choice is between the wage bill and replacement of locomotives and wagons the wage bill, at least in the short and medium run, will win and Indian Railways will begin to look more like the other financially troubled railways of the world."

- Source :
- i) Indian Railway Productivity Improvement Project, Report No.10054-IN, The World Bank, March 31, 1992.
  - ii) Productivity Optimization on Indian Railways, India Rail Technical and Engineering Services, New Delhi, 1993.

29.9 The comparison with some other countries in terms of staff wages is favourable for Indian Railways but the productivity as measured in traffic units per employee is very low as shown in the statement below:-



Country	Wages as percentage of revenue	Traffic Units per employee
France	90	561
Italy	80	324
Japan	87	1364
United Kingdom	75	363
West Germany	126	445
Sweden	78	873
Spain	83	524
Canadian National	44	3036
China	26	391
Former Soviet Union	39	2219
India	45	318

Source: Railway Fare and Freight Committee Report, 1993.

Although such international comparisons are not very valid since Railways differ in size, mode of traction, extent of automation, level of technologies, socio-economic environment impinging on railways and even method of compiling statistics, the above statistics nevertheless indicate the twin phenomena of low productivity and low-paid but unduly large work-force in the Indian Railways.

#### Measurement of Productivity

29.10 The measurement of productivity of a vast organisation like the Indian Railways is a complex task since this would involve converting all input and output elements into values. We have, however, made a limited exercise to examine manpower productivity in Railways by correlating number of employees and traffic carried by the system during the decade 1985-86 to 1994-95:-

#### Manpower and Traffic Carried

Year	Employee in Thousands	Index	Wagon Kms in millions	Index	Vehicle Kms in millions	Index
1985-86	1613	100	15,788	100	7,439	100
1986-87	1611	99.88	17,104	107.69	7,624	102.49
1987-88	1618	100.31	17,800	112.74	7,979	107.26
1988-89	1626	100.81	18,691	114.59	8,171	109.84
1989-90	1647	102.11	18,736	118.67	8,502	114.29
1990-91	1652	102.42	19,230	121.80	8,585	114.41
1991-92	1654	102.54	20,292	128.53	8,902	119.67
1992-93	1646	102.05	20,759	131.49	9,170	123.27
1993-94	1625	100.74	21,326	135.07	9,367	125.92
1994-95	1602	99.32	22,001	139.35	9,666	129.94

Source: Data on number of employees and traffic carried from Annual Report and Accounts (1994-95) : Ministry of Railways.

#### Analysis of Productivity

29.11 This analysis shows that manpower productivity in terms of wagon Km and Vehicle Km increased by approximately 39% and 30% respectively against an almost stagnant work-force of 1.6 million during the decade. However, there has been a hefty investment of Rs.24,126 crores in Railways during this period. The decade of '80s is also marked by important managerial innovations which contributed to improvement in productivity. These innovations included

trainload booking', 'end-to-end running', closure of yards, steamsheds, etc., introduction of new design Box 'N' wagons and passenger coaches with larger capacity. We also find that during the decade from 1985-86 to 1994-95, the output cost doubled as worked out below -

Output cost per Vehicle/Wagon-Km				
Year	Vehicle Km	Index	Wagon Km	Index
1985-86	3.85	100	2.02	100
1986-87	4.36	113.25	2.24	110.89
1987-88	4.67	121.3	2.42	119.80
1988-89	4.96	128.83	2.63	130.2
1989-90	5.57	144.68	2.85	141.09
1990-91	6.05	157.14	3.20	158.42
1991-92	6.46	167.79	3.35	165.84
1992-93	7.00	181.82	3.69	182.67
1993-94	7.41	192.47	3.86	191.09
1994-95	7.79	202.34	4.08	201.98

Source: Annual Report and Accounts (1994-95) : Ministry of Railways.

*RITES study*

29.12 The productivity study done by Rail India Technical and Economic Services(RITES) indicates that despite improvement in staff productivity in terms of traffic units, the same is not reflected in the gross value added per rupee of staff cost after 1980-81.

Traffic Units and Gross Value Added per Worker						
Year	Traffic Units (equated NTKMs per worker)	Index	Gross Value Added per worker (Rs.)	Index	Gross Value Added per rupee of total cost of staff * (Rs.)	Index
1970-71	1,22,434	100	4,628	100	1.519	100
1975-76	1,44,840	118	5,245	113	1.557	103
1980-81	1,62,040	132	6,511	141	1.996	132
1985-86	2,00,840	164	7,589	164	1.783	118
1986-87	2,17,230	177	8,208	177	1.567	104
1987-88	2,26,450	185	8,550	185	1.619	107
1988-89	2,24,350	183	8,506	184	1.598	106
1989-90	2,31,510	189	8,791	190	1.636	108
1990-91	2,39,235	195	9,084	196	1.748	116

\* At 1965-66 level constant tariff rates

Source: Railway Fare and Freight Committee Report, 1993

*Staff Reduction  
Potential :  
RITES-Diagnostic  
Study*

29.13 A further increase in the wage bill of Railway employees is inevitable after our recommendations are implemented by the Government. Remedial action should also be simultaneous. The Railway Administration can ignore the writing on the wall only at its own peril. The Railways will have to achieve much more in terms of improvement in staff productivity and reduction in manpower than indicated in the statistics above. A diagnostic study conducted by RITES in 1990

in Railways by the year 2000 -

Department	Strength	reductions (in Thousands)				Total	Net in 2000 AD
		Steam traction	Redundancy	Contracting Out	Reduced Maintenance	Productivity Improvement	
Accounts	32					Computerisation	
Commercial	116			28		16	27
Electrical	136		10	4	25	9	824
Engineering	415*		6	15		131	132
Mechanical	451	75	7	3	20	70	110
Medical	55		1	28			29
Personnel	21		6			Computerisation	6
Security	60			20			20
Stores	38					10	10
Signal & Telecom	58				12	25	4
Traffic	197		20	6		19	45
<b>Total</b>	<b>11577*</b>	<b>75</b>	<b>50</b>	<b>104</b>	<b>57</b>	<b>290</b>	<b>568*</b>
Total excluding Casual Labour							
	1466						455
							294

\* Casual Labour 113

**Note:** This can be adjusted by keeping the fresh induction to the level of 35,000 men per year upto year 2000 against normal wastage.

The staff strength pertains to 1988-89 and does not include staff in RDSO, Railway Board and Production Units.

*Effective reduction potential*

29.14 However, after considering the long-term measures which involved major design changes and certain other constraints external to the railway system, the study concluded that the **effective potential for reduction is of the order of 70% of 2.94 lakhs i.e., approximately 2 lakh**. The major areas of staff reduction identified by this report are:

- redundancy due to phasing out of steam traction 0.75 lakh
- redundancy in respect of train clerks, trolley-men, personnel staff, power supply to closed facilities and residential quarters, workshop activities 0.40 lakh improved productivity through revised incentive scheme in workshops and other measures 0.40 lakh
- revised norms for permanent way maintenance 0.20 lakh

*Consultancy Study Commissioned by*

29.15 With a view to updating the staff reduction potential assessed by RITES in their report, we commissioned the Institute of Applied Manpower Research (IAMR), New Delhi to undertake a limited study with following terms of

*Commissioned by Fifth CPC* Research (IAMR), New Delhi to undertake a limited study with following terms of reference:

- i) To critically analyse staff reduction potential assessed by M/s RITES;
- ii) To update staff reduction potential assessed by M/s RITES in the light of significant changes in certain parameters like increase in traffic and staff costs, tariff and capital structure of the Railways, projected plan size for the 8th and 9th Five Year Plans and decasualisation of casual labour since 1990; and
- iii) To suggest solutions (other than retrenchment) for 'overstaffing' in Railways.

*IAMR's Assessment*

29.16 The Institute of Applied Manpower Research expressed difficulties in carrying out the study strictly within the terms of reference on account of limited time and non-availability of adequate inputs from the Railways. They instead used the time-trend method for projecting the traffic and manpower requirements of railways for the year 2000 on the basis of data collected by them. IAMR thus assessed that the railways will need 14.4 lakh staff in the year 2000 and suggested that there is a surplus manpower of 2.6 lakh in Railways.

*Views of the Ministry of Railways*

29.17 The Ministry of Railways has strongly rejected the findings of the IAMR. The Ministry maintains that

- There is some misconception about the RITES report and other related studies.
- The assessment of manpower for Railways in 2000 AD made by IAMR is beyond the scope of the terms of reference of the study commissioned by the 5th CPC.
- What has been assessed by IAMR is the manpower requirement of the railways in 2000 AD as 14.4 lakh staff whereas actual number of staff in 1993-94 has been taken as 17 lakhs. It does not follow that the balance are surplus in 1993-94, much less in 1995-96 when the report has been presented and by which time the staff strength had come down to 16.02 lakhs.
- There are serious flaws in the methodology adopted by IAMR. The Institute has relied on time-Trend method for arriving at projected traffic and projected manpower for the year 2000. The traffic output has increased, together with reduction in manpower in the past years. The projections based on statistics pertaining to these years are not valid since the underlying assumption is that increased output with continuous reduction in manpower can go on indefinitely. Moreover, the projections of traffic to be handled by the Railways in future cannot be arrived at by a simple regression analysis as done by the Institute.

since the patterns of working, kind of output, nature of available infrastructure, etc., vary from railway to railway and these important factors have not been given weightage in their approach.

The Ministry of Railways has also pointed out specific mistakes in department-wise statistics on staff relied upon by the IAMR in making its analysis and projections.

The Ministry of Railways has maintained that the task of forecasting the future number of staff required for the railways is extremely difficult and complex and has pointed out following further facts for our perusal:-

- i) Railways have introduced 521 new passenger trains since 1990.
- ii) Revenue-earning freight loading has gone up from 319 million tonnes in 1990-91 to 391 million tonnes in 1995-96. In terms of Net Tonne Kilo Metres of traffic this increase is from 242.78 billions to 275.2 billions during the same period.
- iii) Expansion of rail network comprising Traffic Facilities, Doubling, Gauge Conversion, construction of new lines, etc., involving an outlay of Rs.6,364 crores in the last five years.
- iv) **Despite such expansion of services Railways are continuously reducing establishment to the extent of about 2% every year.**
- v) Reduction of staff from 1990-91 to 1995-96 is 0.142 million (7.97%). Had the traffic output per staff remained at the same level as in 1990-91, the railways would have required 1.972 million staff to handle the traffic during 1995-96. Thus effective reduction because of increase in productivity of staff works out to 18.6% over 1990-91.

*Our views*

29.18 **The protestations of the Railway Administration notwithstanding, we gather that there is virtual consensus among railway managers regarding overstaffing in railways. The areas of redundant manpower are also well identified as noted in Railway Fare and Freight Committee Report of 1993:-**

"Most of the Steam sheds have been closed; several yards have been closed; track maintenance has been mechanised on several sections; workshops have been modernised; a number of goods sheds have become redundant; some of the old train examination depots are not required with induction of new airbrake stock; accounts work has been computerised, and typing work has been drastically diminished with the induction of photocopiers."

29.19 The World Bank report of 1995 on Indian transport sector referred by us above prescribes conventional down-sizing and disinvestment for Indian Railways. The report also points out that 'rail reform is well advanced in other reforming economies and the experience indicates that this is a difficult area of adjustment for politicians, rail labour and management'. The report suggests rail

reforming economies and the experience indicates that this is a difficult area of adjustment for politicians, rail labour and management.' The report suggests rail reforms through 'un-bundling' of disparate service and equipment providers into coherent focussed corporate entities - public and/or private. We can make out from the response of Railway Administration on this issue, conveyed to us during official evidence, that railway management does not consider corporatisation as feasible or desirable but there is a growing awareness of the need for reforms. The views of the railway management are dictated by the harsh reality of Indian Railways still being a public utility service providing crucial infrastructure for the balanced economic growth of the country where rail fare and freight rates are determined more by socio-economic and political considerations rather than by the forces of demand and supply.

The Ministry of Railways has significantly conveyed to us that they have yet to see the success and viability of Konkan Railway Corporation. The Ministry has noted the progress achieved in developed countries where the government owned railways have tried corporatisation and privatisation of rail network with following advantages claimed by them:-

- Better use of railway assets.
- Greater responsiveness to the customers.
- Higher quality of service.
- Greater emphasis on profitability.

*Views of the  
Ministry of  
Railways on  
corporatisation*

29.20 **The Ministry, realising the importance of making competitive changes for remaining financially viable, has conceded the need for divesting the Indian Railways of manufacturing activities in the context of non-progression of technology and quality. However, it considers the wholesale corporatisation of Railways as non-implementable for the following reasons:-**

- i) Indian Railways is the most visible symbol of Central Government and peoples' expectations from the Railways are enormous. Expansion of the rail network in any area has come to symbolise development in public perception.
- ii) While private ownership may do better in terms of productive efficiency, this is out-weighed by losses of allocative efficiency and other non-commercial yet critical socio-economic outputs. Indian Railways is in many ways a binding force and symbol of national integration which would be lost if it is corporatised.
- iii) The capital at-charge of IR belongs to the public and any attempt at complete commercialisation will not be supported by the public.
- iv) There is no empirical evidence to prove that corporatisation per-se will improve the overall health of the system, especially in a set up where the management and staff remain more or less the same even after corporatisation.

*Our  
recommendations*

29.21 We would like to express our views on the various aspects of the problem as under:-

to whether the core functions of the railways can be corporatised, there is no doubt that all the manufacturing, repair, overhaul and maintenance activities are fully ripe for being hived off into separate corporate entities.

- b) **Privatisation:** Certain initiatives already taken like the contracting out of big projects on gauge conversion, doublings etc., under Build-Own-Lease-Transfer Scheme, Own Your Wagon Scheme and privatisation of all future catering services, etc., must go forward apace. The Railways must look out for other avenues where the private sector can be involved in its work. Some obvious areas are sanitation, maintenance of buildings and equipment, computer-related work, passenger and goods booking etc.
- c) **Optimization:** Estimates of surplus staff in the 2000 A.D. may vary from 2 lakh to 2.6 lakh. The fact remains that railways have too much manpower. Without quibbling on the exact number of surplus employees, the railways must abolish all vacant posts, not create any additional jobs and reduce manpower annually by 2 to 3% for the next 10 years.
- d) **Redeployment:** There should be plans for retraining and redeployment of some staff against new services and projects, so that there is as little retrenchment as possible. A 3% cut is possible even with normal attrition due to retirement, death and resignation.

*Conclusion*

29.22 In conclusion, we would endorse the following exhortation of the Railway Fare and Freight Committee (1993) for the railway management:-

"Financial viability and future development of Indian Railways will depend on how much they can reduce their expenses and unit costs in the coming years. We feel that at least three percent of cost escalation should be absorbed by IR every year to be able to keep the tariffs low and keep the costs down. To raise the productivity of service work, it cannot be done by governmental or political action. It is the task of managers and executives in the railway organisation. It is the first social responsibility of management in the knowledge society"

## *Optimization : The Postal Services*

### GENERAL INTRODUCTION

#### *History*

30.1 Postal services are among the oldest known community services in the country. Systematic organisation of the Postal services in the present form began with the creation of the Department in 1854. With the promulgation of the Indian Post Office Act, 1898, all private transmission of letter mails was integrated with the centralised Government postal system. The Act continues on the statute book. The Postal services are based on the four pillars of universality, statutory protection, parliamentary regulation of rates and reasonable liability for mail or remittance. The services offered by the vast postal network play a crucial infrastructural role in the socio-economic development of the country.

#### *Network*

30.2 India has the largest network of Post Offices in the world - 1,52,786 Post Offices (89% of them in rural areas) - handling over 13,339 million postal articles annually. These Post Offices are organised into 19 Postal circles comprising one or more States/Union Territories, structured into 435 Postal Divisions headed by a Divisional Superintendent of Post Offices. Post Offices are classified as Head Post Offices (834), Sub-Post Offices (24,818) and Extra-Departmental Sub- and Branch Post Offices (1,26,385). Of these 1,45,966 Post Offices (96%) perform the delivery function, and 170 provide night postal facilities. On an average, each Post Office serves a population of 5,553 within an area of 21.60 sq. km.. To operationalise such a vast network, the Postal Services are manned by 5,96,062 personnel, over 3 lakh of them being extra-departmental. Further, there are 573 Sorting Offices and 438 Record Offices, under Railway Mail Service Divisions handling sorting, routing and transmission of postal articles.

### EMERGING SCENARIO

30.3 Earlier, the Postal services enjoyed a monopoly status, the traditional view of the service being that it is a social responsibility. As a Government department, the postal services enjoy a reputation of a public utility service with a legal sanction backing it, in as much as the proof of delivery of any postal article furnished by the Post Office is accepted as a legal document in any court of law. There is also a



growing realisation that postal services cannot remain unaffected by market forces and commercial considerations. The postal environment has been transformed in the course of the last six years. The global emergence of private couriers, largely in the more remunerative traffic areas, coupled with the onslaught of information technology-based electronic communications, indicate the changing needs of postal end-users. The combination of objectives, priorities and constraints require review in this changed environment. Commercial potential of postal services has come to co-exist side by side with the need to meet social obligations. The tapping of the Panchayati Raj system for aiding rural Postal services in the form of Panchayat Sanchar Yojana, along with steps to upgrade the quality of Postal services to meet the changing needs of the market, tangibly reflects such a situation.

### NEED FOR RESTRUCTURING POSTAL SERVICES

- |                                    |  |
|------------------------------------|--|
| <i>Objective</i>                   | 30.4 The objective of the Department of Posts is to ensure an efficient, economical, speedy and reliable postal service in the country. In rendering this service the Department's mission is to reach both quantitative and qualitative excellence aimed at total user satisfaction.  |
| <i>Previous Pay Commissions</i>    | 30.5 The Third and Fourth CPCs both attempted to highlight the need for efficiency and effectiveness in the Postal Services. The Fourth CPC recommended that the Postal services and personnel management may be reviewed by a Committee so that it is possible to achieve postal excellence and give satisfaction to those employed in the vast infra-structure of the Department.  |
| <i>Expert Committee</i>            | 30.6 An expert Committee on "Quest for Postal Excellence" observed in 1988-89 that many of the newer organisations had responded to and accepted modern technology and methods of work, but the postal service because of its colonial origin had continued without much change in its early work practices. The Committee noted that the postal service failed to (a) attune itself to the changing needs of the various segments of postal users; (b) increase the productivity of postal employees in the context of increasing man-power costs and availability of new technology; and (c) respond to the low morale of the postal employees who do routine manual jobs which offer no chance of upgradation of their skills and self-development. |
| <i>New Initiatives</i>             | 30.7 Since the time of the Postal Excellence Committee, there has been a planned effort to modernise the postal system. Beginning with Speed Post on 15th August, 1986, a number of new services and strategies have come into operation. Introduction of automated mail processing, computerisation of counter and other operations, including Hybrid Mail and Satellite Money Orders, value added services, dedicated transmission channels for Business, Metro and Rajdhani Mails, ergonomics and other technology inductions are outstanding instances of the efforts to meet the modern market challenges.  |
| <i>Suggestions for improvement</i> | 30.8 On the service front, aspirations of the users with respect to postal services need to be met without dislodging the social objective. Age-old practices require a fresh look towards modernisation and efficient postal services. There is discernible anxiety to meet the emerging market challenges in the face of a growing perception that the postal services have not been able to meet the ever increasing demands of postal traffic. There is substantial evidence to suggest that subsidy   |

aimed at meeting social objectives of the postal services, is diverted to the advantage of commercial users. Memoranda received in the Commission also point to the need for greater autonomy for the postal services to meet the challenges of a changing socio-economic environment, such as upgrading the Postal Services Board and vesting it with more powers to take financial and administrative decisions, freedom in operation of the pricing regime vis-a-vis the costs and market conditions, and measures to contain the postal deficit, so that the services can tap the existing and future commercial potential and turn into an efficient and profitable venture. The postal deficit was at the level of Rs.262.99 crores in the fiscal year 1989-90, which came down to Rs.91.81 crores in 1992-93. By 1994-95 the deficit had again risen to Rs.146.14 crores

### CONSULTANCY REPORT ON RESTRUCTURING

30.9 Recognising the need for change, we engaged the Faculty of Management Studies, University of Delhi, to study the areas of restructuring in the postal services, with a view to identifying its strengths and weaknesses in the face of changing socio-economic scenario and emerging pattern of demands for postal services, and suggesting alternatives to the existing structure and functions and the changes necessary for providing accurate, speedy, cost efficient and customer-friendly postal services, including measures to optimise the manpower deployed in the Postal services.

*Recommendations  
of the Study*

30.10 The Consultancy Study observed that though the postal network in India is one of the largest in the world with a penetration that is wide and deep, its capacity as a network to cope with the emerging service demands in terms of magnitude, range and quality is currently under doubt. Rising costs of operations and escalating need for budgetary subsidy are neither necessary nor desirable. The Department is showing evidence of strain and overstretch. It is currently facing a crisis of mismatch of two major kinds - first, its current competence and attitude on the one hand, and the magnitude of growing demands on the other; and second, its overwhelming preoccupation with the familiar services at low cost and falling levels of efficiency on the one hand, and a fast growing, highly demanding and considerably lucrative emerging market in the urban business sector on the other. It further notes that despite the efforts at modernisation and introduction of strategic changes in the recent past, there is still substantial scope for optimisation.

30.11 The study has made several suggestions on restructuring the postal services. These have taken into account the need for eliminating obsolete and inefficient units, creating newer ones for more efficient and effective functioning and acquiring new capability to serve emerging needs, as also reorganising the organisation's manpower structure. We have kept in view the suggestions made by the Consultancy Study in making our recommendations.

### RECOMMENDATIONS FOR STRATEGIC CHANGE

*Focus on  
Personnel*

30.12 As our major focus is on personnel, we would like to take up personnel-related issues first. The attempt here should be to recruit the right kind of persons to the various jobs. They need to be younger in age, more educated and a larger percentage of them should be selected on merit rather than mere seniority.

*Internal  
recruitments*

30.13 We note that no direct recruitment takes place at any of the operative or higher levels between Postal/Sorting Assistants (Rs 975-1660) and the Indian Postal Service Group A (Rs 2200-4000), though several functional levels exist. The operative cadre of Postal/Sorting Assistants provides for direct recruitment to the extent of 50%, while Postmasters, Inspectors and Postal Superintendents are recruited entirely through departmental channels. The Third CPC, while observing the need for greater efficiency in the P&T services, recommended reduction of the promotion quota from 50 to 25% at the clerical level and introduction of direct recruitment to the tune of 25% at the level of Inspectors, subject to improvement of pay scales for the latter. The Fourth CPC also observed a similar need and recommended an element of direct recruitment both at the level of Inspector as well as at Postal Superintendent's level, to meet operational efficiency and flexibility in deployment.

*Consultancy  
Study on  
Recruitment*

30.14 The Consultancy study has suggested that with changes in users' demand patterns and the Department's ongoing efforts at modernisation and re-organisation, there is an urgent need to bring down the age profile of the workforce, and raise the entry level educational standards, talent and innovative capacity. It has also suggested segregation of entry via the Extra Departmental Agents' route. Since almost 80% of the employees rise to higher levels through internal mechanisms, this results in a larger part of the organisation reflecting an age profile devoid of fresh, young and competitive talent from the open market.

*Direct  
recruitment*

30.15 We, accordingly, recommend that direct recruitment at the entry level below that of Postman may be kept at 100% with a minimum entry level qualification of 8th Standard. Postmen/Mail Guards may be recruited directly from the open market to the extent of 25% with at least matriculation qualifications, the remaining 75% being recruited through the existing mechanisms. As the Department has embarked on a long term modernisation and computerisation programme, direct recruitment at the level of Postal/Sorting Assistants may be retained at 50%, as at present, with the entry level qualifications being raised to 10+2 standard with knowledge of typing and computers. In the interest of procuring the best possible talent from the open market, the induction should be through a competitive examination. Further, one more level of such recruitment being absolutely essential, direct recruitment to the extent of 33-1/3% may be introduced at the level of Inspectors with minimum entry level qualifications of Graduation. This recruitment can be made through the Inspectors' Grade Examination conducted by the Staff Selection Commission annually. The remaining 66-2/3% vacancies can be filled through the existing mechanisms.

*Inspectoral  
Cadres*

30.16 There is a demand for upgradation and merger of Inspectors in the Postal and RMS Branches inter-se as also merger at the higher level of Assistant Superintendents in both branches. While the Consultancy study has suggested merger of these two streams with that of Supervisors, it has also pointed out that due to non-availability of time-bound promotions to inspectors and placement below those they supervise there has been an erosion of supervisory authority. Supervisory function in the postal services needs to be improved. Inspectors constitute the key personnel in this respect. The neglect of this category has been costly. The Department has suggested that Inspectors need to be upgraded to restore the command structure and that Supervisors being crucial for continuity in operative work, should be kept as a distinct stream. Merger of the Inspectorial

cadres should be effected between the Postal and RMS Branches. The Third CPC did not favour merger as the two sides carried different nature of duties. The Fourth CPC considered the question of merging not only the Inspectors but also Postal & Sorting Assistants as well. It felt that instead of a piece-meal and fragmented approach, cadre restructuring should be comprehensive to take care of all relevant aspects and safeguard career interests. However, it did not recommend any merger of the two branches. We observe that the following Inspectorial posts exist in the two branches:-

PAY-SCALES	POSTAL BRANCH	RMS BRANCH	TOTAL
Rs.1640-2900	ASPOs - 1,362	ASRMs - 345	1,707
Rs.1400-2300	IPOs - 1,905	IRMs - 173	2,078
<b>TOTAL</b>	<b>3,267</b>	<b>518</b>	<b>3,785</b>

*Merger of Inspectors and Assistant Superintendents of Postal and Mail Branches*

30.17 Inspectors in both branches form feeder grades to the posts of Assistant Superintendents who, though functionally different, merge at that level, only to form a feeder grade to the Postal Superintendent Service. Inspectors form the first executive rung for postal and mail operations, for feeding the first rung of Junior Managers which is common to the two Branches. We feel that interchangeability and experience in both is essential to be effective as Junior Managers, and accordingly recommend that Inspectors of Postal and RMS branches be merged into a single cadre. Consequently, the promotion level of Assistant Superintendents in the two branches will also be merged.

*Operative Staff*

30.18 Time-bound promotions provide adequate career growth opportunities for the operative personnel upto HSG-II, and thereafter, vacancy based promotions to HSG-I and a 6% examination channel in the Postal Superintendent Service. Because of higher qualifications and skill input required at entry, that we have suggested above, we also recognise the need to place such entrants at a higher entry level pay-scale. We have kept this in view while giving our recommendations on the revision of pay-scales, in the relevant chapters.

*Fast-track promotions*

30.19 The Postal Federations have also demanded introduction of a fast track for the meritorious and qualified personnel in the higher echelons of the middle level operative structure. The Department also feels that such a mechanism will be extremely useful in the matter of flexibility to meet competitive market demands, as also man the critical areas with the best available talent. We are of the opinion that such a measure will go a long way in recognising exceptional talent and improving efficiency in the performance of the postal services. Generally, the Department has a system of examination for internal recruitment to the grade of Postal/Sorting Assistants and Postal Superintendent. 50% of the vacancies in the former grade are filled by direct recruitment. 75% of the vacancies in the grade of Superintendent are filled by promotion and 6% through departmental examination of supervisory operative staff. Keeping in view the above position, we accordingly recommend that the vacancies under the Departmental examination system for the levels of Postal/Sorting Assistants and Postal

**Superintendents be reserved to the extent of 50% and 19%, respectively, for such a fast track.**

*Staffing norms*

30.20 Shortages of manpower have often been cited as the single largest factor affecting the efficiency of the Postal services. The Marathe Time Test is a standard yardstick developed by the Department of Posts since 1951 to assess manpower requirements in the post and mail offices. Posts are "created" based on man-hours revealed by the test. The norms are also cited to justify manpower shortages. The consultancy study has suggested that the norms and productivity measurements should be made upto-date to determine meaningful staffing patterns and efficient evaluation of performance. The study has further pointed out that despite the existence of norms no action is initiated at testing actual performance, except in the RMS through periodic tests for increment and efficiency bar, in the first ten years of a sorter's service. Manpower shortages are, thus, cited as a blanket thrust area for improving efficiency. The Department needs to follow a more rational approach based on an objective assessment of need, and also find newer ways, through modernisation, computerisation and reorganisation for improving efficiency. The norms need to be updated and reset. The old norms based on the Marathe Time Test have lost their relevance, and are now only helping the staff to obtain overtime payment even when it is not justified. The Department's view is that modernisation and mechanisation efforts have been initiated to meet requirements of efficiency. There is need for change in work culture, upgrading skills and leadership at supervisory and management levels, and making field units self-sufficient. We find that with the emergence of automation, computerisation and modernisation, not only have the norms become outdated, but even for existing methodologies no new norms have been developed. The inherent dysfunctionality is manifest in the fact that they are based on "time" rather than "piece". Time taken for a transaction is different for different persons in a given technology, but it could vary for the same set of persons using different technologies. Consequently, piece rates have to be conditional on the specifications of technology. The norms also do not provide for constant improvement over a period of time as the skill of the worker improves with experience. There is an urgent need to redefine the basis of the norms as also the norms themselves. To begin with, **the Marathe Time Tests should be shelved wherever newer methodologies of transacting business have been evolved. Piece-based manpower requirements may be evolved by engaging independent consultancy, if necessary.** The revision of norms must incorporate a factor for upgraded skills by experience as well as training in new technologies. These norms can, thus, be used for staffing to meet traffic requirements and working out incentives for higher efficiency. **The higher norms should be used at successive stages of assured career progression.**

*Sorting services*

30.21 Among the operational areas of the postal services, sorting has been a major concern with the management as well as staff. While the Federations of Postal Unions have demanded re-opening of Sorting Sections, the Consultancy Study has suggested separating the sorting functions from other postal functions by relocating them at more suitable suburban locations in order to pool the requirements and for speedier sorting through mechanised means. It will also be conducive to the emergence of a new physical layout and office environment so as to ensure an optimal restructuring. Both suggestions in fact run in diametrically opposite directions. While the former suggests mobile sorting on running trains, the latter specifically desires to separate the sorting function from the Post Offices in favour of suburban (but stationary) relocation. Till 1984, the process of sorting,

routing and transmission was also done on running trains through sets of travelling mail personnel known as "Sorting Sections". On a reorganisation of the sorting pattern, the Department abolished sorting work on running trains, concentrating it at stationary locations in the existing "Mail Offices". The Department neither favours reopening of sorting sections, as the sorting patterns have undergone substantial changes, nor separation of sorting function from the Post Offices, as both measures would lead not only to further delays in mail transmission and delivery, but also reverse a conscious decision taken for improving efficiency. We feel that delay in mail transmission and delivery cannot be assigned to the abolition of erstwhile sorting sections. Delays take place due to missorting, misrouting or missending, which are all rectifiable by better supervision rather than by sorting on running trains. Routing and transmission is still done on running trains by handling only closed bags through "Transit Sections". Moreover, running trains are unidirectional and mails are sent entirely pre-sorted for destination mail offices, instead of the earlier system of loading unsorted mails in "Sorting Sections". Reopening Sorting Sections will also involve substantial additional manpower. **We, therefore, do not recommend such a measure.** On the question of relocating the sorting function, we observe that sorting and transmission is already specialised and concentrated in RMS for detailed sorting purposes. Post Offices are engaged only in preliminary segregation of mails for facilitating the detailed sorting at RMS. In the process, about 40% of postal articles get finally sorted out for delivery destinations without intervention of RMS. Lack of mechanisation is not due to non-concentration of articles, but more because of non-standard sizes of postal articles and improper pin-coding. Shifting sorting work from Post Offices to suburban specialised Mail Offices will introduce an element of in-built delay in transmission from collection centres to suburban locations and back. Sorting and transmission has necessarily to be located closer to modes of transport, mainly the Railways and Airlines for speed. **We do not agree to the suggestion for relocating the sorting function.**

*Agency Functions* 30.22 Demands and suggestions have also been made in respect of the Agency functions of Savings Bank and Postal Life Insurance, and for the merger of the National Savings Organisation with the Post Office Savings Bank. The Postal Federations have demanded separate cadres for these fields of activity, with pay, allowances and service conditions comparable to banks and Public Sector Units, on the ground that these are specialised functions and the work is not dissimilar to that of such organisations. Postal Assistants man the Savings Bank and PLI setup at the operative end. The former are posted on the basis of an aptitude test for Savings Bank and are paid a special allowance of Rs.60/- per month if fully engaged in savings bank work, and Rs.30/- per month if partly engaged. In the PLI, business is canvassed through specially engaged Development Officers from among Postal/Sorting Assistants with 5 years' service on a 5-year tenure. The Department of Posts has observed that sufficient number of volunteers for aptitude test and posting in SB Branch are not forthcoming and officials not qualifying the test are posted for SB work, thus rendering them ineligible for the allowance. There is also a Savings Bank Control Organisation which carries out concurrent internal audit of the SB transactions of the Post Offices. This is also manned by Postal Assistants. Though the Department agrees that work in the SB Branch is comparatively more complicated, skilled and risk-prone, it is not in favour of constituting a separate cadre, but has suggested grant of allowance to all operative and supervisory personnel doing SB work at higher rates in the existing

arrangement to attract sufficient staff. Neither does it favour a separate cadre of P.I.I manpower. We agree with the viewpoint expressed by the Department in as much as the staff in these two units are concerned. **We accordingly recommend grant of higher allowance to attract Postal Assistants for the aptitude test, as a substantial number of these personnel would also be engaged in work other than Savings Bank while working at Post Office counters. The SB incentive may be raised to Rs.150/- per month for staff fully engaged in SB work; and Rs.75/- per month for those partly engaged.** Staff in the Savings Bank Control Organisation will not be eligible for this allowance as they are engaged only in concurrent internal audit, without actually performing the savings bank function. The existing arrangements for Postal Life Insurance are sufficient and no change is called for.

*Merger of N.S.O.  
with Post Office  
Savings Bank*

30.23 As regards merger of National Savings Organisation with the Post Office Savings Bank, we note that the two functions are entirely different. While the Post Office performs the task of Savings Bank only as an agency function for the Ministry of Finance, the National Savings Organisation is a subordinate office of the Ministry overseeing the mobilisation of small savings and developing programmes and schemes for the purpose. The central role of the Post Office in the economy is that of a carrier and distributor of mails. The agency function is entrusted to it only because of its extensive network and reach. **We do not feel it desirable to saddle the Post Office with resource mobilisation functions in addition to those it already handles.**

*Market  
orientation*

30.24 Demands in various memoranda have voiced concern over the "loss-potential" of the Postal services in the existing price and traffic management regime, leaving virtually no room for manouverability to tap commercial potential. The Consultancy study has recommended that the postal services must have market orientation and cost consciousness in order to survive as an efficient and respected service agency. It has pointed out that the Department's finances are overstretched, and there is lack of clarity in the commercial and social objectives of the Department. There is an inherent mechanism in the system to incur losses in the name of public service. There is a mismatch in the Department's overwhelming preoccupation with the familiar services at low cost and falling levels of efficiency on the one hand and a fast growing highly demanding and considerably lucrative emerging market in the urban business sector on the other. The study has suggested the setting up of a permanent Tariff Committee and a Strategic Management Group to go into these twin areas. The Department feels that the services have been subsidized by keeping tariffs artificially low, and post offices opened with an in-built element of "permissible limit of loss". The Department is already siezed of the problem and has endeavoured to bridge the resource gap by optimising productivity. Recognising the existence of commercial potential in the postal services, we are convinced by the arguments put forth by the Consultants. The use of post cards by competing television channels to market themselves for larger viewership is a classic case of diversion of subsidy from social objectives to commercial usage. The problem requires solution in terms of both costs as well as tariffs. Secretary (Posts), during official evidence, was of the view that the two existing posts of Assistant Directors General in the Costing and Rates units manned by personnel of the Central Secretariat Service were sufficient for the purpose. Besides, there was one post of Assistant Director General (Statistical Unit) encadred in the Indian Statistical Service, along with independent CSS and statistical staff in each of these. **We suggest that the Department should**

examine the feasibility of encadring the posts of the Costing and Rates Units in the Indian Cost Accountants Service and reorganise the three hitherto separate units into a professionalised Costing Unit headed by a JAG Officer, responsible directly to the Postal Services Board through the Senior Deputy Director General. While there may be no need for a separate and permanent Tariff Committee, the Postal Board itself should perform this function through greater autonomy for all areas of postal services catering to a "market". Market orientation should be directed at the free play of the forces of demand and supply and economic decisions based thereon. We recommend a one-time high-powered Tariff Committee to go into areas of business that the Postal Board can be fully vested with for the purposes of commerce-based tariff fixations. The constitution of a Business Planning Directorate, in our view, is a sufficient beginning towards a Strategic Management Group, which must come from within the Organisation.

*Commercial  
Potential,  
Corporatisation  
and Privatisation,*

30.25 This brings us to the question of commercial potential of Postal services. The Consultancy study has identified a vast commercial potential in the field of Speed Post, Postal Life Insurance and Business Mails and has suggested corporatisation of these ventures for tapping the potential. It has also suggested privatisation of certain operations not only for relieving Government of any commercial activity as far as possible, but also improving efficiency and productivity and reducing the size and presence of the public sector for savings of resources. It has been able to find only marginal evidence of privatisation in other countries. The study suggests launching of a retail private network for sale of stamps and stationery as the rate of growth of Post Offices has declined during the last five years and counter facilities are now located at considerable distances, particularly in new satellite townships. It has also suggested revival of private booking of Registered and Speed Post articles through authorised agents for reducing counter pressure and to provide effective edge in efficiency and availability of Postal services. An innovative measure to augment delivery efficiency has also been put forth. The study feels that privatising all delivery, except Money Orders, Registered and insured articles, on commission basis has substantial potential for bringing about efficiency and effectiveness in delivery work. The Secretary, Department of Posts, during oral hearing before the Commission, favoured autonomy in certain operational areas, like Speed Post and Philately, for generating revenue through commercialisation. He did not, however, favour corporatising Postal Life Insurance and Savings Bank because of legal and other complications. The Department of Posts provides a social service. Certain functions, like stamp vending and conveyance of mails, had already been in the private sector to a great extent. He felt that reliability was a prime consideration in these matters. Privatisation could be tried out in some services. Competition in delivery of mails could be introduced, though it required amendment of the Post Office Act, which postulated transmission and delivery as a monopoly function of the Government. A licencing procedure could be introduced, along with a regulatory authority. We are inclined to accept the suggestions made. **Speed Post and Philately may be corporatised for greater autonomy and marketability.** The Department must, however, first ensure availability of funds for capital investment and terminal benefits to be paid to Government employees on switching over to a Corporate set-up. **Sale of stamps, stationery and postal orders may be considered for organising through a retail private network. Clearance of letter boxes, conveyance of mails and delivery of articles not requiring proof**



of delivery may also be considered for private participation, experimentally, if necessary, through contractual arrangements. The system of Licensed Postal Agents, that existed upto the late 1980s may be revived to augment counter facilities with the long term objective of restricting sale of stamps and stationery to the larger Post Offices which will stock them for distribution to agents. Privatisation of delivery through sponsorship, single-point delivery or private agencies may be considered on experimental basis in newer delivery areas, where redeployment is not possible, at least of all mails for which no account is kept during the course of postal transmission. The scheme, if successful, can be gradually introduced to other centres. There are other areas where private contracts should be adopted for optimising the size of Government machinery in the Department. These are canteens, security, cleanliness, and gardens. Isolated posts such as carpenters, electricians, painters, book-binders, etc., handling services freely available in the market should also be abolished in favour of such open market facilities. A separate establishment is not considered necessary for the purpose.

*Other areas of optimisation*

30.26 The question of optimising the size of Government machinery has been considered in consultation with the study group and the Department of Posts. The study group has suggested that Mail Motor Service and Postal Civil and Electrical Wings should be disbanded. The former is a costly drain on the Department's resources, with difficulties in getting qualified personnel to run the services. The latter had no logic at the stage of its creation and its idle capacity is also a drain on resources, not justifying its contribution in terms of architecture, layout and quality of construction. The Organisation also supports a Postal Machines Repair Organisation (PMRO) for servicing, repair and maintenance of postal machines and a printing press at Bhubaneswar planned for catering to the form-printing requirements of postal circles in that region.

*Mail Motor Service*

30.27 The Mail Motor Service (MMS) employs a total of 2847 personnel, of whom 18 are automobile engineers at Group A level. The Unit conveys mails between Post Offices and Mail Offices within local limits of cities. The larger units include in-house repair workshops. It has 1103 vehicles spread over 91 cities, largely metropolitan towns. Inter-city mail conveyance is already privatised to a considerable extent. During oral evidence, Secretary (Post) informed that MMS is already frozen and is being phased out. We note that MMS conveys about 8% of the total traffic in postal articles. It is expected to provide reliable time-specific, intra-city mail movement, and also remain available in restricted, congested and security-sensitive areas. We are aware that even the Police Departments are now resorting to regular private conveyance of personnel and goods. There is no reason why private conveyance of mails cannot be organised on similar terms. We accordingly recommend that the Mail Motor Service be disbanded in a phased manner city-wise, within a period of five years.

*Postal Civil Wing*

30.28 The Postal Civil Wing looks after the construction, repair and maintenance needs of real estate of the Postal Department, comprising over 26,000 operative buildings and staff quarters. It also assists the Department in fair rent assessment of over 24,500 rented buildings all over the country, including those in the rural interiors. The Wing is actually under the administrative control of the Department of Telecommunications. The Department of Posts only maintains a skeletal set-up of 1721 staff and officers for both Civil as well as Electrical works. The existing setup seems quite adequate for the purpose allocated to them and may be retained.

*Postal Machines  
repair  
Organisation*

30.29 The Postal Machines Repair Organisation has two operative workshops at Delhi and Madras with some staff posted in Postal Circles also. It has a total staff strength of 80, headed by a Senior Manager (Rs.3000-4500). It undertakes repair, maintenance and overhauling of various machines like Franking Machines, Hasler Machines, Registrex, Adding and Listing Machines, Weighing Scales and other electro-mechanical devices. It also undertakes fabrication, stocking and procurement of spares, besides providing R&D support related to these machines. With the ongoing modernisation programme and induction of modern technology, even at the most interior locations, where suppliers and private Annual Maintenance Contracts (AMCs) are unable to reach out promptly, the organisation may be retained for the time being. **However, the Department should move towards a system of AMCs, specially for sophisticated and costly equipment.**

*Printing Press*

30.30 The Printing Press at Bhubaneswar engages about 150 personnel and works to only 60% of its installed capacity. During oral hearing, Secretary (Post) was of the opinion that the press should either be strengthened or taken over by the Directorate of Printing. There appears to be no case for strengthening as the Press is not working to capacity obviously because of inadequate workload. **With ample market avenues available for printing work, we feel that the press should be disbanded.**

### CONCLUSION

30.31 It is our earnest hope that with the implementation of the above recommendations there will be a 30% reduction in staff on an overall basis over a period of one decade, and the Department of Posts will thus fulfil its twin tasks of providing a service to the customers and not imposing a burden on the national exchequer. This will be done by concentrating on the primary tasks which Government should perform and allowing its commercial wings and the private sector to look after the lucrative section of the market. With a younger, leaner, better educated, meritorious and well-supervised workforce, it can certainly be transformed into a beacon-light of efficient functioning.

## *Optimisation : The Telecommunication Services*

### GENERAL INTRODUCTION

#### *Historical Background*

31.1 Telecommunication (Telecom) services constitute a basic need for a modern developing society. With the bifurcation of the erstwhile Post and Telegraph Department in 1985, and the emergence of the Department of Telecommunication (DoT) therefrom, the telecom sector has witnessed rapid organisational and technological innovations and changes. At the time of bifurcation, the services were minimal, providing basic telephony, telegraph and telex services. In April, 1986, the Mahanagar Telephone Nigam Ltd. (MTNL) was carved out as a PSU, for development, operation and management of telecom services in Delhi and Mumbai. The Department was further restructured in 1989, with the constitution of the Telecom Commission.

#### *Size of the Telecom services*

31.2 The personnel manning the Telecom services are organised into six functional areas, namely Telecom Engineering, Telecom Traffic, Building Works, Accounts and Finance, Telecom Factories and Wireless Planning and Co-ordination. In the first five areas the Telecom is distributed group-wise as follows:-

FUNCTIONS	GROUPS				TOTAL
	A	B	C	D	
Telecom Engg. and Traffic	3,667	14,500	2,58,870	88,077	3,65,114
Accounts & Finance	509	3,303	2,810	-	6,622
Building Works	463	795	2,656	-	3,914
Factories	74	105	1,004	5,254	6,437
<b>Total</b>	<b>4,713</b>	<b>18,703</b>	<b>2,65,340</b>	<b>93,331</b>	<b>3,82,087</b>

The Wireless Planning and Co-ordination wing employs 783 personnel. Besides, there are 71,000 casual labourers and 20,600 temporary status mazdoors in the Telecom services, giving a total strength of 4,74,470 personnel

*Services Provided by DoT* 31.3 With an asset base valued at Rs 23,000 crores, Telecom services provide Telephone, Telex, Telegraph and franchised value-added services. These services cover all the 300 cities and 4689 towns in the country as per 1991 census. Cellular Mobile services, Radio Paging Services, Electronic Mail, Videotex, Video Conferencing, Voice Mail, Morning Alarm service and other value-added services are made available through a franchise system run by private operators. Smooth functioning of all radio communication services and usages in the country is ensured by the Wireless Planning & Co-ordination Wing as the national Radio Regulatory Authority. Two training centres (Ghaziabad and Jabalpur), 6 Telecom factories, Civil and Electrical Wings, a Quality Assurance Circle, Technical and Development Circle and an Accounts and Finance Organisation provide captive support to the telecom operative services.

*The Telecom network* 31.4 The Telecom Commission is the apex policy making body for the Telecom services. The services are organised into 19 territorial Telecom Circles, and 4 Metro Districts, each headed by a Chief General Manager, for installation and maintenance of assets other than the regional and inter-regional long distance network. Apart from the territorial circles, there are 4 separate functional circles, one each for installation and maintenance of long distance network organised on regional basis. Telephony is provided through 20,456 telephone exchanges, connecting 119.25 lakh Direct Exchange Lines (DELs). 991 Departmental Telegraph offices, 44,054 combined Post and Telegraph offices and 1032 Telecom Centres run the Telegraph services, handling over 605 lakhs inland telegrams annually. Telex services are provided through a network of 412 exchanges handling 47,161 working connections. Fully automatic international Telex services are available to all Telex subscribers through Gatex at Mumbai, Chennai and New Delhi for 238 countries. The MTNL provides basic telephone services in Delhi and Mumbai, as a public sector undertaking, though with its entire staff complement being part of the Department of Telecommunications.

### EMERGING SCENARIO

*Telecom Policy* 31.5 Telecommunication has traditionally been visualised as a "natural monopoly" based on voice-related universal service. The Telecommunication sector has witnessed in recent years rapid technological innovations, both qualitative and quantitative. The National Telecom Policy of 1994 envisages telephones on demand and universal availability of the services covering all villages as early as possible, enhancing quality of telecom services with the widest possible range to meet the customers' demand, protection of the defence and security interests of the country, and opening up services for private participation. The technology mission of the Commission aims at tapping the potential that this advancing technology holds for a paradigm change to leap-frog into the future - analog to digital, voice to data and basic telephony to value added services of world class quality.

31.6 In order to achieve standards comparable to international facilities, the sub-sector of value-added services was opened to private investment in July, 1992. Cellular phones, Radio paging, etc. are already engaging private operators. With a view to supplementing the efforts of the DoT in providing telecom services to the people, companies registered in India are allowed to participate in the expansion of basic telephone services. One private operator in each Circle has been licensed to participate in the provision of these basic services. In the developed world telecom has already been transformed into a delivery system for information, education, entertainment, intelligence and knowledge. India is not expected to lag behind and is poised to achieve all the applications of telecommunications in all facets of life. The future already foresees the emergence of digital and data services such as Multimedia, Video Conferencing, ISDN, Video and Audio Text services, etc.

NEED FOR RESTRUCTURING THE TELECOM SERVICES

31.7 While new technologies have helped in providing highly reliable services, they pose a challenge to the human resources manning the telecom services. The technological changes have been rendering present skills and experience obsolete. The large human resources are to be continuously upgraded in skills to match advancing technologies. Telecom services are also expected to double their present capacity by the turn of the century, from 10 million to 20 million DELs. The DoT, as the basic provider of services, has a large number of cadres for technical and operative functions. The staff to telephone ratio is high in comparison with that in developed countries. Newer technologies require a qualitatively superior but smaller size of human resource, as maintenance requirements climb down, and employees' higher technical operative skills become available. At present, the telecom services run with a ratio of 39.2 staff to every 1000 DELs, which is expected to come down to around 25 per 1000 DELs by the year 2000 AD. This still remains too high, compared to global technology standards.

31.8 In 1990, the Athreya Committee was constituted to study restructuring, by corporatisation, of Telecom services as a whole. It suggested converting the existing organisational setup into multiple corporations, in a three-tier structure, separating Policy and Regulation from Operations. While these recommendations were being examined, the New Telecom Policy, 1994, was announced, and the Government took the stand that the recommendations of the Athreya Committee were no longer relevant. The constitution of an independent Telecom Regulatory Authority of India, however, is already under way with a Bill to that effect being brought up before Parliament.

31.9 Restructuring on account of technology- and market-driven changes has, however, become inevitable. Since 1990, the DoT has already initiated some steps at restructuring the operative cadres by combining certain categories as follows:-

EXISTING CADRES	RESTRUCTURED CADRES
Linemen, Wiremen, Cable Splicers and regular Mazdoors	Phone Mechanic
Technicians and other Group C personnel (possessing diploma in Engineering)	Telecom Technical Assistants
Telephone Operators, Telecom Clerks, Telegraphists, Telegraph Assistants	Senior Telecom Operating Assistants

The restructuring has, however, not achieved the expected results, as the pay-scales offered in the restructured cadres are not perceived as attractive enough to motivate the existing staff to switch over. The DoT has already decided to merge the Telegraph and Telecom Engineering personnel into a single cadre.

*Demands in Memoranda*

31.10 Dissatisfaction with pay-scales and conditions of service in the changing environment in the Telecom sector has been brought out in memoranda, both official and those submitted by the federations. The emergence of the private sector as a competitive bidder in the employment market in this sector, and the redundancy of existing technologies and operatives have resulted in demands for comparable pay-scales, the need for quick training, and the necessity to make the restructured cadres more attractive for a rapid switchover. Employees in the MTNL have been given the status of deemed deputation, and they have demanded complete parity in pay and service conditions with the public sector. The personnel in the Telecom Engineering Centre, Telecom Factories and the Wireless Planning and Co-ordination Wing have also demanded merger with the parent body and cadres. A lot of dissatisfaction has been expressed in Memoranda regarding stagnation at the middle level, i.e. the engineering services below Group A. The Telegraph and Telex traffic is coming down. The personnel at the middle level in these services have also represented with reference to their future prospects.

### CONSULTANCY STUDY ON RESTRUCTURING TELECOM SERVICES

*Terms of reference*

31.11 With the above considerations in mind and the demands made in Memoranda, we engaged the National Productivity Council (NPC) to carry out a study on the possibility of exploring new initiatives to meet the requirements of the Telecom services in the fast changing information environment. The NPC was required to study the present role of telecommunication services in the Central Government and the systemic deficiencies with the objective of evolving an ideal system for optimum utilisation of telecom manpower, and resolving the duality of DoT and MTNL along with ways for removing the uncertainties in the service conditions of employees of the latter. The NPC was asked to suggest changes in the organisational structure of DoT, including norms for technical staff in keeping with its actual role in a modern exchange, and improvements in the service conditions and prospects of telecom personnel so as to ensure that professionals possessing sophisticated education and skills, who are critical to the department's

requirements, are retained and do not migrate to other sectors, as also to identify those where such criticality does not exist and flab can be reduced

*Summary of  
recommendations  
of the study*

31.12 The study identified four critical and interrelated factors affecting the telecommunication service industry - technological change, change in market demands, deregulation and globalisation. It has also observed that Government will have an enhanced role in long-term planning and regulation of telecommunications but a declining role in direct provision of telecom services. It has pointed out a mismatch between the speed of technological and market change on the one hand and the decision making process on the other. The existence of too many layers for arriving at decisions, the study feels, is time-consuming and unsuited for a competitive environment. Suggestions have been made by the study in the overall context of granting autonomy and commercialising the telecom services at the present juncture. The specific findings of the study have been kept in mind while making our recommendations.

### RECOMMENDATIONS FOR STRATEGIC CHANGE

*Areas of  
restructuring*

31.13 A number of issues have emerged in the matter of restructuring throughout the organisation, from the level of the Telecom Commission, down to the lowest levels in the hierarchy. We have gone into the role of the Telecom Commission, its composition and functioning, and restructuring of the operative cadres in view of the parallel existence of restructured and pre-restructured cadres (PRCs). Duality of the MTNL human resources, norms for staffing and retention of "critical" personnel through special dispensation, have also been considered in view of the commercial potential, rapidly advancing technologies (RATs), scope for privatisation of the Telecom services and the possibilities of merger of hitherto separate cadres and units.

*Inadequacies of  
the present  
schemes*

31.14 With the induction of new digital technologies, the restructuring of DoT began in 1990, organising its operative employees into the streams indicated in para 31.10, as shown in Annexe 31.1. Inadequacies have been observed in restructuring, as the PRCs were perceived as more attractive compared to the restructured cadres. Vacancies are created in the new grades according to technological upgradation. 75% of the exchanges have been upgraded so far to absorb the restructured cadres. A large number of employees have already been absorbed in the switchover and a large number continue to wait with only 26,300 of the 80,000 qualified personnel at Group D level having been trained for absorption. Over 2 lakh employees are still in the pre-restructured cadres. The Department has suggested that the restructuring has to be more attractive than the PRCs, in order to induce switchover, particularly of the senior experienced personnel. It has also suggested that the Group D grades should be abolished by merger with Group C with some special dispensation for them in the form of time-bound promotions, as the number of scales available to this group and the rates of increment are negligible, and there are inadequate growth opportunities. Also, when the scale of pay crosses Rs. 1200 they are treated as Group C and there is a reduction in their retirement age. The consultancy study has pointed out that the present job profile in the DoT is too narrowly defined, and needs to be enlarged with the advancing technologies, so that the number of categories is reduced.

We agree that the Department requires substantial flexibility for quick adaptation of the rapidly advancing technologies. The switchover of the existing personnel must be as smooth as possible. In its restructuring scheme of 1990, the DoT has opened channels for all Group D employees including temporary and regular "non-matric" Mazdoors to become Phone Mechanics in Group C, not leaving room for any support staff at the Group D level. We do not agree to the abolition of Group D, as there will always be a requirement of personnel at that level. The gap between the employees of the two Groups should reduce over a period of time. The proposals on assured career progression will achieve the objectives suggested by the Department. There should be two separate levels - Group D as one and technical and operative as the other. **Group D staff may all be redesignated as Telecom Attendants** after being provided appropriate training in multiple skills. The next higher grade is the Phone Mechanic, with the basic entry scale of Rs.975-1540. **We recommend that Phone Mechanics be redesignated as Telecom Mechanics.** Such of those who are Matriculates and qualify a screening test should be permitted to switch over to the restructured cadres. **The switchover should be a one-time irreversible opportunity.** Technicians and other Group C staff possessing a 3-year diploma in Engineering have been permitted to "walk-in" to the cadre of Telecom Technical Assistants (TTAs), Telecom Operating Assistants, Telephone Operators, Telegraphists and Telegraph Assistants have been restructured into the cadre of Senior Telecom Operating Assistants (Sr.TOAs). Our recommendations for the pay-scales of restructured cadres are given in the relevant Chapter. These will apply only to the restructured cadres. **The PRCs will remain in their present shape with the replacement scales recommended in the relevant Chapter. The scheme of ACP will not apply to them. A time limit of 3 months should be given to them from the date of implementation of our recommendations to decide whether they will switchover. The option once decided will not be reversible.**

Stagnation in cadres of Junior Telecom Officers (JTOs)(Rs.1640-2900) and Telecom Engineering Service Group B (TES)(Rs.2000-3500) have been voiced as a major demand in the memoranda. Junior Telecom Officers are the first rung for entry into the executive level of Telecom management. TES is the next promotion level for the JTOs, who have also demanded upgradation at entry on the ground that a majority of them are engineering graduates recruited directly, and form promotional grades for diploma engineers. Both categories have a lateral advancement to the next higher scale on completion of 12 years' service. The administrative Ministry has also pointed out the problem of not being able to fill the Senior Time Scale (STS) vacancies on regular basis strictly in accordance with recruitment rules. It has suggested placing 80% of the Group B posts in the JTS, exclusively for promotion, and upgrading TES to the level of Rs.2375-3500. It is also considering upgrading JTOs to the extent of 80% after 3 years' service on account of acute stagnation. An exercise of merger of Telecom Engineering and Traffic is already at an advanced stage of finalisation, which will result in a larger number of posts in a single cadre. The consultancy study has marked this level as critical with substantial possibility of exodus, alongwith the need to upgrade qualifications so as to meet the requirements of advancing technologies, besides upgrading their pay-scales and providing adequate promotion prospects. While agreeing with the findings of the consultancy study as also the concern of the DoT with the problems of stagnation and advancing technologies, we also observe that under the Time-bound promotion



schemes (not available to JTOs) the operative staff have avenues of promotion to the level of Rs. 2000-3200, beyond the entry level for JTOs, thus dislocating the command structure by placing supervising officers in pay-scales lower than the supervised. We also do not agree with the suggestions made by the Department as their implementation would only disturb the ratio of direct recruitment at the group A level. We accordingly recommend that Junior Telecom Officers may be upgraded to the scale of Rs.2000-3500 and filled by the existing methods of recruitment, raising the minimum required qualification for direct recruitment to a degree in Engineering.

3.1.17 The Telecom Engineering Centre is a constituent unit of the DoT, functioning as the nodal agency for drawing specifications for new products, equipments and systems and also for testing and issuing approvals for instruments and equipments to be connected to the Telecom network. The Quality Assurance Circle, formed in 1979 as a part of Technical and Development Circle, and separated in 1986, is entrusted with the responsibility of assuring quality on a wide range of products and equipments induced into the Telecom network. National Centre for Electronic Switching is a second level maintenance organisation for electronic switching systems and functions as a repair centre for electronic switching hardware and software, for maintaining, updating and modifying, wherever necessary, hardware and software requirements of switching systems in electronic exchanges. The services in these three units are manned by staff and cadres separate from the mainstream Telecom services. Besides, there is also a separate Technical Development Circle, headed by a General Manager (Rs.5900-6700) responsible for acceptance testing of new equipment for installation before these are commissioned in the Telecom network. It also issues engineering, installation and operating instructions for the guidance of operative staff. The staff and officers of these units have demanded merger with the mainstream Telecom Engineering staff and services. Secretary (Telecom) had informed us that each of these Units has been assigned very specific tasks which must remain independent of the operative network. In view of the position explained to us we do not recommend merger.

3.1.18 The Department is presently operating at a line-staff ratio of 39.2 persons for every 1000 DELs and proposes to reduce the ratio to 25 per 1000 DELs by the turn of the century. The ratio is to reduce only by increase in DELs from the existing 11.92 millions to 20 million, without providing for reduction in requirement on account of upgraded technology. The Consultancy study has suggested that the basis of norms should be both the capacity of the exchange and the type of technology. 75% exchanges are electronic and the rest non-electronic. The study has suggested specific norms indicating combination of jobs, as also the scope for further reduction of the staff-line ratio based on technology. As staffing ratios only by DELs indicate only the capacity of the exchange and not results of advancing technologies, the Department should take into consideration norms suggested by the consultancy study based on advancing technologies in arriving at future projections so that manpower can be optimised. There should be a total freeze on manpower in the meanwhile. In fact, there should be a progressive reduction of numbers as posts are vacated, to accord with the optimum requirements based on the revised norms.

3.1.19 The Mahanagar Telephone Nigam Limited (MTNL) is a public sector unit of the DoT formed on 1.4.86 to take over operations, maintenance and

development of telecom services in Delhi and Mumbai. All the manpower, however, is drawn from the DoT on "deemed deputation" terms. These personnel totalling 59,655 are spread at all levels - 21776 in Group D, 35475 in Group C, 1795 in Group B and 605 in Group A - and have demanded the pay and perks applicable to other public sector undertakings. While the arguments for and against divesting MTNL from the DoT are both strong, the difficulties in buying back the investments in MTNL are substantial, with requirements of upgrading technologies, increasing DELs, training, etc.. The long-term aim should be to corporatise the entire DoT setup. As a first step, the MTNL should be converted into a full corporation which should be extended to other Metros.

31.20 The DoT has also suggested mobility of its employees to help the private sector through availability of trained manpower. It suggests the mechanism of deputation on foreign service terms, with the option to the employees to return to the Department to enrich it with their experiences. Through this measure, the Department seeks to reduce stagnation also. We are unable to accept the suggestion on two counts. First, the Department itself has voiced its concerns about the possibility of exodus, particularly of critical personnel, and second, openings in the private sector might lead to mass scale resignations, or post-retirement employment.

31.21 The Secretary (Telecom) is the Chairman of Telecom Commission in the pay of Rs.8000 (fixed). The Commission has four full-time Members also in the pay of Rs.8000 (fixed), one each for Finance, Production, Technology and Services, and other part-time Members drawn from various fields. It is responsible for formulating Telecom Policy, its implementation and preparation of budget. All the five posts in the pay of Rs.8000 (fixed) are ex-cadre posts, being part of Central Staffing Scheme. The Indian Telecom Service (ITS) has demanded encadring of all the posts in the service since it is the mainstream service recruited through the UPSC, specialising in the field of Telecommunications. The administrative Ministry has observed that according to the resolution constituting the Commission, the Chairman and full-time Members shall be drawn from the best persons available, including those from within the Department. The ITS Group A is recruited through the combined Engineering Services Examination drawing officers from the best engineering institutions, and they are involved in installation, operation, maintenance, planning, development and decision making at various levels. During oral hearing, Secretary (Telecom) felt that encadring the posts may dilute the quality of membership of the Commission, though since its inception in 1989, ITS officers had been posted to the Commission as Members, and the system was functioning very well. Apex managing Boards like the Railway Board, Central Board of Excise and Customs, Central Board of Direct Taxes, Postal Services Board, etc. are either being run by cadre officers or we are suggesting encadrement of the topmost posts, where necessary. The Telecom Commission has 4 part-time members in policy formulation and implementation function, drawn from various fields for a broad vision. The Telecom service itself has a lesser representation at the Member level. There is no post of Member for the Civil and Electrical works. We recommend the encadring of three full-time Members in the ITS Group A. One post of Member (Works) may be created for heading the Building Works wing. Member (Finance) may be encadred in the P&T Accounts and Finance Service Group A after eligible officers become available at that level.

As regards the Chairman and other part-time Members, the existing arrangements may continue.

*Commercial  
potential and  
scope for  
privatisation*

31.22 As per the National Telecom Policy, 1994, the Telecom Sector has been thrown open to private participation. Though the DoT has entered the area of value-added services, these are mostly on private franchise. Research into switching and production is already substantially with the autonomous bodies, public sector units or private sector. Telecom factories are, however, still in the Departmental mould, and are not yet geared to undertake production of equipment and instruments based on modern technology. There are 6 Factories with assets worth Rs.63 crores and annual turnover worth Rs.155 crores engaging 6,437 staff. The Sinha Committee (1992), suggested a 3-tier structure, with a Factory Board at the apex, the Factories organisation as a Departmental entity and an adjunct in the form of a Technical Product Development Group. The Consultancy study has pointed out problems of competition with PSUs like ITI, HTL, etc., and the private sector, obsolescence of technology, excess manpower, lack of demand, etc., which are plaguing the Telecom Factories. The Department has, however, advised that it is able to obtain competitive price advantage, and possibility of supplying to private operators by retaining the Factories as Departmental units. Both the study and the Department feel that the Sinha Committee recommendations have been adequate. We feel that with a strong infrastructure of production outside the Department, there are strong grounds for giving greater autonomy to Telecom factories, so as to enable them to upgrade obsolete technologies, methods and products. We accordingly recommend that they should not be expanded. Till they are retained in Government, they should be corporatised. As competition increases, they should gradually be privatised or wound up.

*Conclusion*

31.23 With the above recommendations, it is expected that a new structure of Telecom services will emerge which will not only be trimmer, more effective and efficient, but will also squarely meet the requirements thrown up by the changing environment in terms of technologies and economic forces. The various steps should lead to a gradual downsizing of the total manpower by 30% over the next 10 years. The impact of the new Telecom Policy, 1994, and entry of private service providers is not expected to be felt at least for another decade, leaving the DoT to take full advantage of the changes we have suggested above to take up leadership of the Telecommunication set-up in the country.

# Optimization : The Central Police Organisations

## INTRODUCTION

### Introduction

32.1 The Central Govt. has been raising Central police forces from time to time for handling specific problems. While most of the forces have been raised under MHA, other Ministries like Railways and Defence have also raised their own police and para-military forces. Of the forces under MHA, CRPF was raised primarily for dealing with law and order situations, BSF and ITBP for guarding the international borders, CISF for providing security to Central government industrial installations and NSG for combating terrorism. The Railway Protection Force under the Ministry of Railways was created primarily for protecting railway property. More recently, the Ministry of Defence have raised the Rashtriya Rifles for combating insurgency, though the primary responsibility for internal security rests with the Ministry of Home Affairs. In fact, all the forces under MHA are being extensively used for internal security and counter-insurgency duties, irrespective of their primary roles. They are also being used on a large scale during elections and for performing other tasks. For example, ITBP personnel have also been used for guarding banks and static duties, and NSG for providing VIP security. Such diversion of forces from their primary roles has led to a somewhat haphazard growth of the forces, which has also adversely affected the morale of the personnel.

## GROWTH OF MANPOWER AND EXPENDITURE

### Growth of Manpower

32.2 The tables below give an idea of the extent of growth of manpower in various Central Police Organisations :-

Year	NSG	ITBP	CRPF	BSF	AR	CISF	Total strength
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Year	NSG	ITBP	CRPF	BSF	AR	CISF	Total strength
1989	7,482	25,482	1,21,206	1,49,568	52,460	71,818	4,28,016
1990	7,482	29,488	1,31,260	1,71,168	52,460	74,334	4,66,192
1991	7,482	29,504	1,59,091	1,71,363	52,460	79,620	4,99,520
1992	7,485	29,504	1,58,907	1,71,501	52,482	84,611	5,04,490
1993	7,485	29,504	1,58,693	1,71,735	52,504	87,337	5,07,258
1994	7,512	30,291	1,65,334	1,71,735	52,504	88,603	5,15,979

(Source - Ministry of Home Affairs, Annual Report 1994-95)

*Growth in Expenditure* 32.3 The table below indicates how the expenditure on CPOs has risen during the period 1986-87 - 1994-95:-

Year	BSF	CRPF	CISF	ITBP	AR	NSG	Total (Rs. lakhs)
86-87	31,192.00	22,549.34	8,025.00	4,011.00	10,790.00	2,572.00	79,139.34
87-88	36,131.00	26,089.40	9,887.00	6,580.00	12,951.00	2,130.00	93,768.40
88-89	43,214.00	30,888.00	11,955.00	7,690.00	13,959.00	2,615.00	1,10,321.00
89-90	51,366.00	42,259.21	14,200.00	9,166.00	16,501.00	3,719.00	1,37,211.21
90-91	66,110.00	43,398.65	17,196.00	10,157.00	17,911.00	5,274.00	1,60,046.65
91-92	72,198.00	58,547.00	20,684.00	12,707.00	20,829.00	4,558.00	1,89,523.00
92-93	80,832.00	64,964.00	25,232.00	16,020.00	24,618.00	5,682.00	2,17,348.00
93-94	94,809.92	75,373.00	30,057.15	18,242.12	28,871.46	5,258.40	2,52,612.08
94-95	97,730.00	85,550.00	36,441.00	19,284.00	31,791.00	5,258.00	2,76,054.00

(Source - Ministry of Home Affairs, Annual Report 1994-95)

32.4 Perusal of the above tables shows that there has been considerable increase in manpower and expenditure in the Central Police Organisations during the period 1986-1994. The annual compound growth rate of manpower works out to 5.6%, which is extremely high when compared with the corresponding figures of 1% for civilian govt employees and 1.4% for the Armed Forces personnel. Similarly, annual growth rate in expenditure for this period which works out to 18.03% is much higher, compared with the corresponding figures of 13.4% for civilian govt employees and 12.95% for Armed Forces personnel.

### CONSULTANCY

*Consultancy study*

32.5 While we appreciate the difficulties encountered by the personnel of the Central Police Organisations in dealing with various complex situations, we have noted with serious concern the extremely high rate of growth of manpower in CPOs. With a view to finding out more economical ways of utilising the manpower in CPOs and to ensuring that funds provided by the public exchequer are optimally utilised, we awarded a consultancy study to the Centre for Policy Research with the following broad terms of reference:

- (i) To examine the primary and secondary roles of the Central Police Organisations and redefine missions with a view to rationalising the existing structure of the Central Police Organisations.
- (ii) To explore the feasibility of privatisation of security requirements in respect of Central establishments, banks etc.
- (iii) To identify measures for strengthening and modernising the State Police Forces so as to enable them to effectively perform the law and order and internal security functions, which primarily fall within their purview.
- (iv) To recommend different models aimed at reducing the number of Central Police Organisations and avoiding multiplicity and duplication of functions, including the possibility of bringing them under one umbrella.

*View of  
Administrative  
Ministry, state  
Governments*

32.6 We also held discussions with Home Secretary, other senior officials of the Ministry of Home Affairs, and Directors General of various Central Police Forces. This matter was also taken up with some of the Chief Ministers, Chief Secretaries and DGsP of the States visited by us. In reply to the questionnaire circulated by us, we received views of Directors General (Police) and Chief Secretaries of some of the other States as well as prominent retired police officers. We have considered all the views and suggestions received by us as well as the recommendations made by the Centre for Policy Research and our recommendations in the matter are discussed in the succeeding paragraphs.

### OUR RECOMMENDATIONS

*Strengthening of  
State Police  
Force*

32.7 One of the reasons for the deployment of Central Police Forces for internal security purposes is the inadequacy of State police forces to deal with the emerging situations. We feel that State Police forces should be strengthened and made capable of meeting most of the internal security threats. Currently the police departments are grossly neglected owing to the expenditure on them being categorised as non-plan. As a result, funds are not sufficiently available for modernisation of the State police forces and upgrading the skills of their personnel. In order to reduce the use of the Central Forces, it is of paramount importance to strengthen the State Police forces. Our suggestions in this regard are as under :-

- (a) There is a need to state emphatically that meeting the routine threats to internal security is primarily the task of State Govts. The Centre's role should be confined to providing CRPF Battalions as reserve to meet the occasional contingencies such as major breakdowns in law and order or large scale disturbances.
- (b) We recommend that the State police departments should have plan schemes in order to strengthen and modernise them. The States should also be financed to progressively increase their Armed Police strength through raising of India Reserve Bns,

which should be centrally sponsored on matching basis and Central funds earmarked to upgrade State police forces.

- (c) Two ambitious schemes - Police Housing and Modernisation of police which were launched at one stage as Plan schemes achieved a lot in terms of strengthening the basic infrastructure and equipment of the State police forces, but were scrapped half-way. Both need to be revived.
- (d) We also feel that the existing regional training centres under the Central Govt should be strengthened to impart specialised training to State Police forces so that the skills of the police personnel are upgraded to enable them to tackle various situations, thereby reducing the need for deployment of Central police forces in aid to civil authorities.
- (e) Besides allowing the State Forces access to these specialised training facilities, it is necessary to provide an exclusive annual forum to discuss and exchange views on all matters concerning these activities. Such a measure will facilitate uniform professional standards, training, equipment etc.
- (f) We also recommend raising of a Special Task force in each state on the lines of the Rapid Action Force in the CRPF for conducting specialised operations.

*Regrouping of  
Forces and their  
Roles*

32.8 There has been considerable deviation from the roles assigned to the Central Police forces. No clear cut definition of roles is being followed. To effect rationalisation and to ensure that CPO manpower is properly utilised, it has become necessary to redefine the roles of the CPOs and to regroup the forces according to their assigned roles.

32.9 We are of the considered view that Central Police Forces should be regrouped as Border Security Forces and Internal Security Forces. Based on the above approach we recommend that:-

- (a) CRPF should be the single force to assist the State administration in dealing with major law and order situations. We do not find any justification for a separate force for anti-insurgency. The anti-insurgency duties should form part of the role assigned to the CRPF. The requirement of Central forces for election duties should be assessed on a realistic basis as the existing level of deployment is very high. CRPF should be the only Central Force for deployment on election duties. Moreover with strengthening of State police forces and raising of India Reserve Battalions, the numerical strength of CRPF should also be reduced to that extent. The Rapid Action Force (RAF) raised within the CRPF should more appropriately be called as Special Task Force and continue to be deployed in communally sensitive areas.

- (b) Since the Army has no exclusive responsibility in the matter of internal security, which is primarily the concern of MHA, there is a case for re-examination of the roles of Rashtriya Rifles and Assam Rifles. We recommend that Rashtriya Rifles, which was raised without any plausible justification for a period of 3 years only should be disbanded forthwith. This will make available 36 Bns to the Army which besides tiding over the shortage of officers and men in the Army to some extent, will result in substantial savings both in terms of manpower and expenditure.
- (c) Due to changed scenario on account of better communication facilities and other administrative improvements, there is no reason for the Assam Rifles to remain confined to North Eastern States and that too under operational control of Army. As such, we recommend that Assam Rifles be delinked from the Army. It may be withdrawn from the Border security duties in North East and merged with CRPF for Internal security duties and brought under the control of the MHA. By doing so, the force will integrate with the mainstream and would move out on transfer to other states as well. This will also result in reduction of the various Head quarters elements of Assam Rifles including training establishments. Almost 80% of the officers now on deputation from Army will thus revert to their parent organisation and help in making up the existing shortages in the Army.
- (d) With regard to Border Security, we suggest that while security of Sino-Indian, Indo-Bhutan, Indo-Nepal and Indo-Burmese borders (Northern Border) could be entrusted to ITBP, BSF should be made responsible to look after Indo-Pak and Indo-Bangladesh Borders (Western and Eastern Borders) Moreover, these two forces should be withdrawn from Internal Security duties.
- (e) Regarding NSG, there is a strong case for withdrawing it from VIP security duties and putting a ceiling on the organisation. We recommend that NSG should not comprise more than 1000 personnel including civilians. The staff in excess of the ceiling should be sent back to their parent organisations. NSG should not be deployed on VIP security duties and should confine to its primary role of combating terrorism. The small size of the NSG is necessary to maintain its elitist character. This measure will result in cutting down of manpower to the extent of approximately 6000 men with consequent reduction in expenditure on maintenance of this force.

*Privatisation of  
some security  
arrangements*

32.10 At present Central Industrial Security Force (CISF), Indo-Tibetan Border Police (ITBP) and other organisations like the Railway Protection Force (RPF) are looking after the security arrangements of Central establishments including banks. While CISF is looking after the security functions of Industrial undertakings owned by Central Govt., ITBP is looking after the security of banks in Punjab. Similarly RPF has been looking after the duties relating to protection



of Railway property and booked consignments. With a view to streamlining the arrangements, we recommend that :-

- (a) **CISF should only guard the installations which have a bearing on national security instead of guarding all kinds of industries.** The responsibility of providing security to other undertakings should be entrusted to private security agencies or to State Govts. concerned or, alternatively the industrial establishments should develop their own in-house security organisations for this purpose. Saving on this account could be approximately 30%. This, coupled with general cut on manpower, will result in substantial saving both in terms of manpower as well as expenditure.
- (b) **Likewise, bank duties in Punjab should be taken away from ITBP.** The manpower saved as a result thereof could better be utilised for deployment on borders to offset the shortfall of personnel for border duties.
- (c) In case of RPF we find that the duties connected with booked consignments involve constant interaction with the commercial staff and knowledge of their functioning, which we feel should continue to be done by RPF instead of contracting out to private agencies.

*Role of MHA*

32.11 The Ministry of Home Affairs is the nodal ministry responsible for internal security. Therefore, every force deployed on internal security duty should be fully accountable and answerable to the MHA so that MHA could control the actual deployment and operations of the forces. It has also been brought to our notice by heads of CPOs that once their troops are placed at the disposal of State Govt, the duration of deployment and movement is stretched beyond reasonable limits. Even the MHA is not in a position to monitor such movements/deployments etc. At times the units are despatched to the States without giving them adequate time for preparation. We recommend that ;

- (a) **A suitable mechanism be evolved within the MHA to control and monitor actual deployment (including duration) and operations of the forces.** In this regard, there is need for setting up a control room in the MHA which should be manned round the clock by officers and men drawn from the existing strength of CPOs. This control room should be exclusively used for monitoring the police operations, deployment and movement of various units of CPOs and should be placed under an officer of the rank of Joint Secretary to be designated as JS (Police Operations).
- (b) **The MHA should ensure that a reasonable time is made available for equipping the personnel before their movement to different climatic regions.** MHA should also make arrangements with the Ministry of Railways for providing rolling stocks on top priority to the CPOs to facilitate their speedy movement. However, our proposal for re-grouping of forces will result in substantial reduction in the movement of troops.

- (c) A 'National Framework' should be worked out clearly identifying the force requirements of each State on the basis of projections about anticipated law and order and internal security problems in the coming 5-10 years.
- (d) There should be three coordinating fora within the Ministry of Home Affairs namely,
  - (i) Establishment Board dealing with matters relating to Human Resource Development, recruitment, promotion, training etc.
  - (ii) Strategic management group to formulate broad policy guidelines and
  - (iii) Crisis Management group to deal with situations which need constant monitoring. All these three fora should be headed by either the Home Secretary or the Special Secretary (Home) dealing with internal security. The Director, Intelligence Bureau and Heads of some larger CPOs should be members of these fora. These three fora should ensure that optimum use of the forces is made without much movement and administrative problems.

*Conclusion*

32.12 The main objective of restructuring and rationalisation of the Central Police Organisations was to delineate a national framework for internal security management and carve out roles for the Union and States. Another aspect of overriding importance was that the country has repeatedly requisitioned the services of the Army to handle law and order and internal security situations, which is not warranted barring exceptional situations. It may be appreciated that it is many times more costly to deploy the Army compared to the State Police or any of the CPOs. Any measures for restructuring and rationalisation of the CPOs cannot but take serious note of this imperative and deliberate on a National frame work which should make dependence on the Army to meet internal security situations an exception rather than the rule. On the other hand, unlimited and unplanned expansion of various forces is also a malady and there are dangers inherent in their expansion beyond a point, such as problems of command and control, difficulty in catering to training arrangements, weapons, equipment and other essential administrative and logistic support. Further, large-sized forces tend to have many problems of uneconomic utilisation of manpower due to unaccounted, unauthorised and wasteful diversions. There has to be a balance between size and efficient management.

*Pruning of numbers*

32.13 The above requirements have been kept in view by us while making our recommendations on restructuring and rationalisation of forces in this Chapter. It is expected that the various proposals made by us will lead to an overall pruning of the numbers of Central Police personnel by 1/3rd within a period of ten years. Meanwhile, no additional staff should be sanctioned for any of the Central forces and action may be initiated on the lines suggested by us. There would be no need for retrenchment of any person. The entire reduction can be achieved by normal attrition.

# Optimization : Defence Services and Ordnance Factories

## Armed Forces

### INTRODUCTION

#### General

33.1 In the earlier chapters, we have considered the scope for optimization of civilian manpower in the various sectors of Government. As the defence forces are the second largest Government sector in terms of numbers employed and resources allocated, we decided to examine the areas of manpower optimization in the Defence Forces also. We intend to approach the subject in the overall context of the emerging security scenario, the ongoing financial situation and the internal needs of the Defence Forces to modernise their weapons and equipment and to keep their men fighting fit.

#### Growth of the Services

33.2 The table below gives the manpower figures for various years for the three Services. An examination of the manpower figures of the three services, the Army, Navy and Air Force indicates that their manpower has grown at an annual compound growth rate of 1.4%, during the period 1981 to 1991 which is somewhat higher than the rate of growth of 1.2% for civilians during the same period.

Army		Navy		Air Force	
Year	Strength	Year	Strength	Year	Strength
1966	8,24,000	1961	16,821	1961	37,558
1971	8,30,000	1971	30,100	1971	97,949
1981	8,80,930	1981	36,169	1981	1,10,833
1991	9,98,045	1991	51,042	1991	1,29,057
1995	9,98,046	1995	52,453	1995	1,30,441

#### Trend of Defence Expenditure

33.3 The year-wise Defence expenditure for the period 1985-86 to 1993-94 was as under:

Year	Defence Expenditure (in Crores of Rs.)	Defence Expenditure as Percentage of GDP
1985-86	7,989	3.05
1986-87	10,477	3.58
1987-88	11,967	3.59
1988-89	13,341	3.37
1989-90	14,416	3.16
1990-91	15,426	2.90
1991-92	16,347	2.66
1992-93	17,582	2.49
1993-94	21,845	2.78

The data indicates that although the Defence Expenditure has been increasing in absolute terms, it has remained within 2-3% of GDP.

We have been informed that manpower and related costs alone account for about 65% of the Defence Budget leaving limited resources for modernization and acquisition initiatives.

#### NEED FOR RESTRUCTURING

##### *Internal Needs*

33.4 Feeling concerned at the large deployment of manpower in the Armed Forces and the extremely high cost of maintaining this manpower, we studied the operating scenario to see how best the situation could be managed. Our inquiries revealed that with the disintegration of the USSR, which had been for the past two decades a reliable and cheap source of military hardware, procurement of military hardware for our Defence Forces has become a more costly proposition. Clearly, we cannot maintain a credible defence posture, if our defence capability is to remain in the current structural form and the defence expenditure as a percentage of GDP is to remain at the current level of 2.78%. Our defence preparedness, to be both credible and affordable, will have to be predicated upon some re-structuring involving a shift of focus from a manpower - intensive force to an equipment-oriented force.

##### *External Threat Scenario*

33.5 The aforesaid re-structuring option could as well be the most appropriate response in the context of the emerging threat scenario. While there does not seem to be any threat of war from our immediate neighbours, their military modernization plans and acquisition of nuclear weapon capability are dimensions which have to be taken into account. Though the general international climate has greatly eased after the end of the cold war, it still poses challenges to our security and sovereignty in terms of non-military threats and pressures because of our forthright stand on issues such as nuclear non-proliferation, Comprehensive Test Ban Treaty (CTBT), Missile Technology Control Regime, etc. In such a scenario of threats and challenges, a demonstratively higher offensive capability for our Defence Forces rather than their ability to be engaged in a long drawn-out war, would have the right deterrent effect vis-a-vis any military misadventure or bullying design against us. This proposition is especially relevant in the context of nuclear equation in our immediate neighbourhood. Though our nuclear policy has been to use our nuclear capability for peaceful purposes without forsaking our nuclear option, we cannot overlook the nuclear dimension in our future conflicts and its implication for our conventional defence preparedness.

*Consultancy Study* 33.6 In the light of our analysis of the situation and with a view to finding feasible options, we commissioned the Institute of Defence Studies and Analyses (IDSA) to undertake a detailed study with regard to "Manpower optimisation in the Defence Forces". The IDSA in their Report have brought out that if the present approach of maintaining defence capability at 3% of GDP is continued, we would be severely under-prepared for any future eventualities. The option, according to the IDSA, would be between achieving mutual arms control specially with respect to our neighbouring countries leading to some reduction in manpower or by engaging in "Autonomous Restructuring" leading to reduced manpower but increased mobility-fire power. The IDSA have suggested that the said "Autonomous Restructuring" may be carried out on the following lines:

- **Doctrinally, shift from strategic defence to strategic offensive paradigm to prevent war.**
- **Reduce active manpower in the Army by 35-45% and retain 30-45% of present manpower on standing reserve and reduce manpower in the Navy and Air Force in the supporting components.**
- **Increase the armoured and mechanised forces.**
- **Higher offensive capability for Air Force and augmented Naval presence.**
- **Substantive increase in Defence R&D.**
- **Intermediate range ballistic and shorter range cruise missile capability on high priority.**

The IDSA have envisaged that with this force restructuring, the Defence Forces will retain the capability to provide disaster relief, but will have reduced potential to undertake internal security duties.

*Suggestions Made by IDSA* 33.7 In line with the proposed Force Restructuring, the IDSA have suggested certain alternate manpower management models, which singly or collectively with a provision for higher active reserve, could provide the base for greater optimization of manpower. They include "Voluntary National Service" (VNS), "Compulsory National Service" and "Reduced Colour Service with Lateral Induction within Defence Forces and Outside It". The concept of VNS, which was formulated by Defence Planning Staff of the Chiefs of Staff Committee, envisages retention of 30% personnel on regular service and induction of 70% personnel under VNS doing 5 to 7 years' service and then being resettled exclusively in the civil sector. Under the scheme of Compulsory National Service, aspirants to the Central and State Government Services (particularly Police Forces) and college students who obtain highly subsidized education (doctors, engineers and the like) should do a mandatory period of five years' service with the Defence Forces which should consist of such entrants to the extent of two-third of their strength, the balance one-third being recruited by direct entry who would provide the permanent cadre of the Defence Forces. The third option visualises reduction in colour service and lateral transfer of personnel to support functions within the Defence Forces and outside in the civil sector.

33.8 The IDSA have suggested that as a part of the general optimization exercise, the Service Headquarters should be integrated with the Ministry of Defence, which will result in some savings in terms of manpower and efforts. We have also

received similar suggestions from the Armed Forces

*Other Inputs*

33.9 We have, while formulating our proposals on the subject, taken into account the suggestions made by the IDSA. We also held discussions on these and other Defence matters with the Service Chiefs, retired chiefs and senior officers of the Ministry of Defence. The views expressed during these discussions as well as the views expressed in the Armed Forces memorandum have been quite useful in helping us to firm up our approach. We have also considered the views expressed by the Estimates Committee (1992-93) of the Tenth Lok Sabha and Tenth Finance Commission regarding the need for optimization of manpower in the Armed Forces and keeping the Forces young.

**OUR RECOMMENDATIONS**

*A Blue-print for  
Force  
Restructuring*

33.10 Since manpower requirements in our Defence Forces are determined by the force structures to be maintained, any manpower optimization exercise to be well-grounded must flow from force restructuring in our Defence Forces. In this regard we find the IDSA formulation on "Autonomous Restructuring" as a sound framework towards manpower optimization without compromising on defence preparedness. Drawing on this IDSA prescription, we would like to present a blue-print for restructuring our defence capability. **The re-structuring that we are talking about could mean a small sized Army reinforced in terms of enhanced mechanised strike capability and complemented by a more offensive-oriented Air Force and augmented Naval presence.** This would require a positive approach leading to a drastic cut-back on manpower not only in the Army but also in the support components of the Navy and Air Force, so that we have enough resources to go in for modernization and mechanisation of our Forces. Acquisition of indigenous missile capability and sustained development of Defence R & D to attain self-reliance in meeting our defence needs must necessarily be the high points of our agenda for modernisation.

*Framework for a  
Leaner and  
Younger  
Manpower Profile*

33.11 Any exercise for manpower optimization in the Armed Forces has to address to the need of keeping the Armed Forces, especially its combat components, young. In this regard, we have considered the three alternate manpower management models with a provision for higher active reserve, as suggested by the IDSA. Though the IDSA suggestions offer a framework for restructuring our Defence Forces towards a leaner and younger shape, we are against the idea of higher reserves and any change in the voluntary nature of recruitment into our Defence Forces. Going by our past experience and the general social attitude and ethos, we can not depend on reservists of any kind for a regular war. Moreover, a war in the Indian context is necessarily something forced on us by a turbulent neighbour and the timing can never be decided by us. By the time the reservists are summoned, our wars are apt to be over.

*Nature of  
Recruitment*

33.12 Our Defence Forces have all along been making recruitment on voluntary basis. The concept of voluntary recruitment has been accepted by many countries in the world. Even the USA and Great Britain, who had a long experience of national service, have switched over to the system of voluntary recruitment. **We feel that any change in the voluntary nature of recruitment into our Defence Forces will seriously affect the quality and morale of the personnel in the services.** In view of these considerations we do not subscribe to the idea of either Voluntary National Service or Compulsory National Service, as they would bring in an element of force or conscription in the pattern of recruitment into the Defence Forces.

*Lateral Induction*

33.13 This leaves us with the option of "Reduced Colour Service with Lateral Induction within the Defence Forces and Outside It". We find this concept both practicable and workable. **This option envisages a lean cadre of officers and men**

serving upto their normal age of retirement and a large cadre of officers and men on short-term engagement with provision for their lateral induction within the Defence Forces and outside in the civil sector including police and paramilitary organisations. This concept not only promises to keep the combat Arms of our services young but also provides a framework for manpower optimisation by bringing in the concept of a large cadre on shorter term of engagement. However, the operationalisation of the concept would largely depend upon the scope for re-mustering within the services and the feasibility of finding required number of jobs outside the Defence Forces. We have as an interim measure elsewhere suggested increase in the percentage of reservation in Government jobs in CPOs for ex-servicemen and have also suggested a Joint Recruitment Board.

*Reduction in  
Colour Service*

33.14 While the concept of lateral induction holds good for officers and men of the three services, it holds special significance for the Combat and Combat support Arms among the Army PBOR for whom we have received a specific proposal from Army Headquarters on reduction of terms of engagement. The proposal envisages distributing the manpower into combat, combat-support and supporting services groups and lateral shift within and outside the Defence Forces after prescribed periods of service and keeping in mind the age profile requirement in the groups. We have considered the proposal in detail and as a first step towards the operationalisation of the concept, we recommend that one third of the annual intake into the Combat and Combat Support Arms of the Army PBOR should be engaged on a shorter term of engagement of 7 years with the provision of their re-mustering into the other supporting Arms and Services within the Army. Here, while the scheme would keep the combat components young, it will save the effort required to find suitable jobs outside the Defence Forces to absorb these short-term engaged personnel.

*Withdrawal from  
non-core  
Functions*

33.15 We find that the Armed Forces have deployed their manpower in several areas not related to their core functions. If the Armed Forces withdraw from such areas, the manpower released can be utilised to meet the reported shortages of officers and men in the three services. Our specific suggestions in this regard are as under:

Rashtriya Rifles have been raised by drawing on the regular Cadre of the Army to perform internal security duties. The Armed Forces have represented that their deployment on internal security duties should be minimised. We also feel that the Army should legitimately be kept away from internal security chores. **We, therefore, suggest that Rashtriya Rifles should be disbanded and the engaged manpower should revert to the regular cadre of the Army. Similarly, the Army should be completely withdrawn from the Assam Rifles**

The Armed Forces need not divert their manpower to organisations like the Survey of India, Directorate General of Quality Assurance, Defence Research and Development Organisation, Military Engineering Service, Border Roads Organisation, etc. There should be a gradual civilianisation of all these organisations and the officers can be used for core functions.

The Air Force is wasting its manpower on accounts jobs. Such jobs can be fully handled by civilians. The Air Force manpower should be withdrawn from such functions.

The service Headquarters are holding officers in excess of sanctioned strength, by drawing personnel from the field. These can be easily spared for field duties and their place taken by Civilians. We recommend that **minimum required manpower be kept at the service HQ., and the surplus manpower released immediately for field duties.**

There are a number of jobs in the **Canteen Stores Department, Army Service Corps, Resettlement Wing, etc.** which can be held by civilians. We suggest that these organizations should be **progressively civilianised**

*Civilian-  
Combatant Ratios*

33.16 Since employment of Civilians is a less costly proposition than that of Combatants, there is a clear case for exploring the possibility of civilianisation of posts in static, rear and administrative support organizations and workshops in the three services. We feel that **the Ministry of Defence should set up a committee to review the existing civilian-combatant ratios in different wings of the Armed Forces and Inter-Service Organisations and identify posts for civilianisation.** Here, we recommend that, as a governing principle, wherever the existing civilian - combatant ratio is 20:80 it should be raised to 50:50, where it is 70:30 to 80:20 and where the civilian component is 100%, the status quo should be maintained.

*National  
Commission on  
Manpower  
Utilisation in  
Defence Forces*

33.17 For the full operationalisation of the concept of "Reduced Colour Service with Lateral Induction within Defence Forces and Outside It" and to address other issues relating to manpower management in the Defence Forces, we recommend that **the Government should constitute a National Commission on "Manpower Utilization in the Defence Forces".** The proposed Commission, to have a holistic approach to the issue, should comprise representatives of the Armed Forces, the Ministry of Defence, Ministry of Home Affairs, Ministry of Finance and the Ministry of Human Resources Development and should deliberate on the proposed force mix requirement in view of the threat scenario and the reduction to be carried out through civilianisation of jobs, privatisation and contracting out of services as also integration of services and infra-structure across the three services.

*Incentive for  
manpower savings*

33.18 However, as an incentive to achieve manpower reduction, we would recommend for the Government's consideration a proposal with an in-built incentive for reduction of numbers in the three services i.e. all savings achieved in the allocated resources due to cut-back on manpower could revert to the services. To illustrate, suppose the overall budgetary allocation for the Armed Forces is Rs.30,000 crores. We could give the Armed Forces a ten-year perspective plan with an annual increase of (say) 5%. This would be a guaranteed amount. **Whatever reduction in manpower related expenditure is brought about by the Services could be allowed to them to be spent on acquisition of better equipment.**

*Integration of  
Service  
headquarters with  
MOI*

33.19 We have considered the issue of integration of Service Headquarters with the Ministry of Defence in the light of our governmental functioning and the suggestions of the IDSA and the Armed Forces. We have also taken into account the views of the Ministry of Defence on the issue. The Ministry of Defence maintain that the existing system allows continuous interaction between the Ministry and Service Headquarters and the professional and technical expertise available in the Service Headquarters is made use of for examining defence-related matters. They have further added that any integration beyond this point will have two main disadvantages :- (i) the system of independent analysis will be lost; and (ii) the military discipline would deter the service officers manning Ministry Posts to modify any proposal forwarded by the



Service Chiefs. In view of the Ministry's views, we do not recommend any change in the existing arrangement between Service Headquarters and the Ministry of Defence.

*Conclusion*

33.20 In our opinion, the measures listed in this Chapter should lead to a roughly 30% cut in the manpower of the Armed Forces during the next 10 years and should also lead to greater strike power in terms of modernization of weaponry and upgradation of technology.

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## *Restructuring Ordnance Factories*

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### INTRODUCTION

*General*

33.21 There are 39 Ordnance Factories having a manpower of 1.66 lakhs and an annual turnover of approximately Rs.3,000 crores. The employment under the Ordnance Factories accounts for nearly 87% of the total Govt. employment under the Deptt. of Defence Production and Supplies. The Ordnance Factory Organization functions as a departmental undertaking under the Department of Defence Production and Supplies. Ordnance Factories primarily serve as a production base for the Indian Armed Forces for supply of critical lethal as well as non-lethal stores. In the absence of adequate orders from the Armed Forces, Ordnance Factories are also now engaging themselves in production of items for the non-defence sector, for achieving better utilization of the available capacities and manpower. The existing range of products manufactured by Ordnance Factories include artillery and infantry weapons and other small arms, assorted ammunition, explosives and propellants, armoured vehicles and military transport vehicles, optical and opto-electronic instruments required by the Armed Forces, and combat uniforms, foot-wear and parachutes etc. The manufacturing processes in Ordnance Factories correspondingly cover a very wide spectrum, i.e. engineering, metallurgical, chemical, optics, opto-electronics, textiles and leather.

*Need for  
Restructuring*

33.22 Of the 39 Ordnance Factories, 16 were set up before independence and had capacities created for finished stores as well as for basic and intermediate materials. These had, therefore, an excessive element of backward integration. In respect of factories set up after Independence, the orientation has been more towards production of finished stores, drawing upon the civil sector for supply of raw materials, components and semi-finished goods. In the context of the liberalised economic scenario, we thought that the need for continuance of Ordnance Factories as a totally dedicated production base under the Government should be examined. We have, in our approach towards workforce size control already recommended that no manufacturing and commercial activity should be undertaken departmentally by the Government. To what extent the Government could be disengaged from the activities carried out by the Ordnance Factories in view of their strategic nature and what form the restructuring should take was therefore, one of the major problem areas before us. In order to have

an objective assessment we commissioned M/s. Tata Consultancy Services to undertake an independent study on "Restructuring of Ordnance Factories". The scope of the Study included restructuring of the Ordnance Factories to make them more goal-oriented and self-sustaining, examination of the viability of converting them to a PSU Structure, extent of privatisation possible and formulation of a manpower plan for the Organization.

*Consultancy Study* 33.23

The main suggestions made by the Consultants are as follows:

- Corporatisation of the Ordnance Factory Organization and privatisation of clothing and vehicle manufacturing units in a phased manner.
- Diversification into civil sector and reduction of backward integration.
- Re-deployment of excess manpower, selective induction of qualified manpower and introduction of new promotion system.
- Progressive limitation of the control by inspection agencies.
- Modifications in Financial control system.
- Modifications in raw material procurement procedures.

*Views of Ministry of Defence*

33.24

The Ministry of Defence have not agreed with the suggestion of the Consultants for corporatisation of Ordnance Factories and have suggested retention of the existing structure. They are also of the opinion that privatisation is not a viable proposition. In their view, selective induction of manpower and modernisation of lines of production would improve productivity in the organization.

### OUR RECOMMENDATIONS

33.25 We have taken into account the views expressed by the Consultants and the Ministry on this matter and our recommendations on the various issues connected with the structure of Ordnance Factories and streamlining of procedure are discussed in the succeeding paragraphs.

*Basis for Restructuring*

33.26 Ordnance Factories are basically a conglomerate of manufacturing/production units. But, being Departmental undertakings of the Government, they could hardly be run on the lines of industrial enterprises. This is clearly evident in view of the fact that some budgetary support is still required to be provided by the Government. Further, with Ordnance Factories now being required to go commercial (both domestic and international) in the face of dwindling indents from the Armed Forces, the need for freeing Ordnance Factories of shackles of Governmental procedures and allowing them full functional autonomy has become all the more evident. **In our opinion, to make them more goal-oriented, cost-effective and self-sustaining, Ordnance Factories should be re-structured in the mould of Public Sector Undertakings.**

*Corporatisation*

33.27

In the Public Sector set up, there would be more autonomy in managing day-to-day affairs of the factories as well as in devising their own set of rules in the areas of recruitment, pay scales, production policies, disciplinary rules and material procurement. As a public sector unit, Ordnance Factories will be able to raise funds from the capital markets. Since interest will have to be paid for the money raised, there will be more prudence in the money requirement and expenditure. With

the corporate financial accounting system, the performance of Ordnance Factories will become measurable and without the assurance of Government support at all times, cost consciousness will increase. With the present system of all available funds lapsing on March 31 dispensed with, procurement process involving long delivery schedules will be streamlined and Ordnance Factories will be able to retain profit which they may earn in civil trade. Moreover, without the requirement of pre-audit of expenditure, there will be no tendency to maintain an inventory level higher than what is really required, thus resulting in better inventory management and cost control.

33.28 In keeping with our view that Government should concentrate on core activities such as policy making and not be directly involved in production activity, we **recommend that Ordnance Factories be converted into a public sector unit.** The units may sign a memorandum of understanding (MOU) with the Government of India, under which certain targets would be laid down to evaluate the performance of Ordnance Factories. The MOU should also specify the degree of autonomy to be granted to Ordnance Factories.

*Phased  
Privatization*

33.29 In addition to manufacturing strategic military stores, Ordnance Factories are also presently engaged in manufacture of transport vehicles and cables and certain clothing, leather and packing items. There is an emerging opinion that in keeping with the present liberalised economic dispensation, Ordnance Factories should be disengaged from these non-strategic areas and that these items should be procured ex-trade.

33.30 **We recommend that Ordnance Factories engaged in non-core, non-strategic areas of production should be privatised in a phased manner.** To start with, the Ordnance Equipment Group of Factories consisting of Ordnance Equipment Factory, Ordnance Parachute Factory, Ordnance Clothing Factory may be considered for privatisation. In the next phase Vehicle Factory and Grey Iron Foundry be privatised. Subsequently, the Ordnance Cable Factory may also be considered for privatization.

*Diversification  
into Civil Sector*

33.31 In order to significantly improve the capacity utilization of Ordnance Factories, **greater thrust should be given to diversification into civil sector.** The engineering factories among the Ordnance Factories offer ample scope for diversification. These factories have special strengths, which can be tapped in precision machining, machining of larger jobs, and manufacture of special grade steel. What may at best be required would be retooling of certain machines for civil sector production and switching back to defence production may not be a difficult and expensive exercise. Keeping in mind the tremendous scope for diversification, a real annual growth in civil trade of 25% should be achievable.

*Reduction in  
Backward  
Integration*

33.32 Though Ordnance Factories have already shed backward integration in some areas like bar-mill and steel-melting, **there is still enough scope for further reducing backward integration.** Ordnance Factories should disengage from manufacturing raw materials and other inputs, which are already available in trade in desired quality and quantity, as their manufacturing by Ordnance Factories themselves does not lead to economies of scale.

*Skill  
Replenishment*

33.33 While Ordnance Factories are generally over-staffed, they are particularly deficient in some of the requisite skills. In the Ordnance Factory Organization, old skilled hands are getting depleted due to normal wastage through retirement and death and there is no induction of new skilled hands to recoup these wastages, due to continuing ban on fresh recruitment in DGOF Organization. This portends a very difficult situation for the organization in the year 2000 and beyond, when most of the old skilled hands would retire. Already, Ordnance Factories, which

have gone in for NC/CNC machines, are finding it difficult to man them in the absence of adequate skilled hands. In this scenario, a comprehensive manpower review is long over due. It should be undertaken immediately.

33.34 As large scale retirements are scheduled in the next 5 years, Ordnance Factories have a real opportunity to right-size their manpower. **The existing flab in manpower, when wasted out, should not be recouped. Fresh manpower induction should be limited only to meet the emerging skill requirements and Ordnance Factories can formulate a perspective manpower plan to this end.** Here, we specifically recommend that Ordnance Factories should be allowed to induct skilled manpower both at the working and supervisory levels as per the perspective manpower plan.

*Quality Assurance* 33.35 Ordnance Factories have their own quality assurance set-up to ensure quality at all stages, starting from raw material procurement to inter-stage production to final assembly of the product. This set-up is parallel to the set-up of DGQA, Naval Armament Inspection and Air Armament Inspection Wing. As most of the Ordnance Factories have got ISO-9002 Certification and they have been giving a lot of importance to the quality aspect, we feel that they can be depended upon to ensure quality of the product. However, keeping in view the critical importance of quality in the field of arms and ammunition from the point of view of the user i.e. Armed Forces, we would still be in favour of independent audit of the quality of the final product.

33.36 **Thus, we recommend that independent audit through DGQA, Naval Armament Inspection and Air Armament Inspectorate should be confined to the quality assurance of the final product and to quality assurance at inter-stage production and raw material procurement stage only in the case of some very lethal and critical items.** In all other matters, Ordnance Factories should be solely responsible and accountable for quality assurance.

*Audit of Expenditure* 33.37 The existing system of pre-audit of expenditure should be restricted to amounts above specified values and independent financial control can be exercised by a regular process of post-audit. In the Public Sector Structure, however, the existing accounts establishment has to be fully integrated with the Ordnance Factories structure.

## CONCLUSIONS

33.38 Our suggestions with regard to the Ordnance Factory Organization would have the effect of making the Organization more goal-oriented and focused in the context of the new economic dispensation and ultimately lead to greater self-reliance for the Ordnance Factories. The three pronged approach of conversion to PSU, privatisation of non-core, non-strategic areas and improvement of capacity utilisation through planned diversification into the civil sector, it is hoped, will result in improving the efficiency of these units and reduction in manpower to the tune of 87% of the existing manpower under the Department of Defence Production and Supplies. Since the average age of employees is high and a significant portion of manpower would retire within the next six years, redeployment of manpower may not pose a serious problem.