



Indian Administrative Service (IAS) and Crony Capitalism: A Review Paper

Vishal Gupta

W.P. No. 2015-03-07
March 2015

The main objective of the working paper series of the IIMA is to help faculty members, research staff and doctoral students to speedily share their research findings with professional colleagues and test their research findings at the pre-publication stage. IIMA is committed to maintain academic freedom. The opinion(s), view(s) and conclusion(s) expressed in the working paper are those of the authors and not that of IIMA.



INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD-380 015
INDIA

INDIAN ADMINISTRATIVE SERVICE (IAS) AND CRONY CAPITALISM: A REVIEW PAPER

Vishal Gupta
Organizational Behavior Area
Indian Institute of Management Ahmedabad
Email Id: vishal@iimahd.ernet.in

Abstract

According to international statistics, India is reckoned to be among the most corrupt countries of the world. One of the ways in which corruption can occur at the point of public service delivery is through payment of bribes to access or expedite these services. Other less overt, but equally damaging, form of corruption that has an impact on people is when decisions to allocate public resources are distorted by money, power, access, connections or some combination of the above – also known as *crony capitalism*. One of the significant contributors to crony capitalism in India is considered to be the Indian Administrative Services (IAS). Time and again, questions have been raised about the imperviousness, wooden-headedness, obstructiveness, rigidity, and rule- and procedure-bound attitude of the bureaucracy. Indian bureaucrats are said to be a power center in their own right at both the national and state levels, and are extremely resistant to reform that affects them or the way they go about their duties. Given the significance of bureaucracy (the executive branch of Government) in India's growth and the pursuit of happiness, the aim of the present position paper is to analyze and discuss the relationship between the Indian Administrative Service and crony capitalism. The paper examines several of the serious problems that the Indian Administrative Services faces and in the end suggests some recommendations to improve it.

Keywords: Indian administrative service; crony capitalism; corruption; governance; Indian culture; central vigilance commission.

INDIAN ADMINISTRATIVE SERVICE (IAS) AND CRONY CAPITALISM: A REVIEW PAPER

'You will not have a united India if you do not have a good All-India Service which has independence to speak out its mind' – Sardar Vallabhbhai Patel in the Constituent Assembly, October, 1949

INTRODUCTION

Sixty seven years ago, independent India embarked upon the long and arduous journey of planned socio-economic development and nation-building for establishing a welfare state and an egalitarian social order with social, economic and political justice, equality, liberty and fraternity for every citizen. The development experience of India during the last half a century has been a mixture of successes and failures. While India is now considered to be one of fastest developing and rapidly growing economies of the world, it is still a country with the largest absolute number of poor worldwide. With the \$2-per-day poverty line as a point of reference, in 2010 some 68.7% of the Indian population could be considered as poor (Bertelsmann Stiftung, BTI, 2014). With an HDI score of 0.586 in 2014, India ranks 135 of 187 countries worldwide in terms of human development (UNDP, 2014).

India is a well-established democracy, and its elected representatives have the effective power to govern. However, according to international statistics, India is reckoned to be among the most corrupt countries of the world (Transparency International, 2014). Corruption has virtually affected every part of the Indian society. One of the ways in which corruption can occur at the point of public service delivery is through payment of bribes to access or expedite these services. Other less overt, but equally damaging, form of corruption that has an impact on people is when decisions to allocate public resources are distorted by money, power, access, connections or some

combination of the above – also known as *crony capitalism*. Cronyism is the preferential treatment shown to old friends and associates, without regard to their qualifications (Khatri & Tsang, 2003). Backroom deals between members of the governing class and their hand-picked cronies influence the legislative, executive, and regulatory actions of governments and are not only morally hazardous, but toxic to economic freedom (Roberts, 2010). Cronyism and corruption pervert policy and rob the best ideas of legitimacy (Shourie, 2009). Aspiring entrepreneurs, willing to work hard and full of ideas and energy, start out against a stacked deck because they lack political or family connections. To get ahead, they need a system that maintains non-discriminatory markets and impartial credit allocation, as well as rewards for individual success (Roberts, 2010).

The Indian Administrative Services (IAS) had a strong beginning with support from Sardar Vallabhai Patel, one of the eminent leaders of the freedom struggle who referred to the Indian Civil Service (ICS) (predecessor of the IAS during the British Raj time) as the steel frame of the country, representing the essential spirit of Indian nation - unity in diversity. While ministers (and political parties) come in and go out of power, IAS officers stay and form permanent part of the executive branch of the government thus providing continuity and neutrality to the administration. These individuals are believed to have an all-India outlook and are viewed as generalists who can assume a diverse array of responsibilities over their careers and can move around the country from various state assignments to the nation's capital (Radin, 2007).

IAS officers are deemed to be recruited by the Union government on the recommendation of the Union Public Service Commission (UPSC) and are posted under various State cadres. The officers carry high respect and stature in the society coupled with the significant task of administering important public offices, making it one of the most desirable jobs in India (Kumar, 2010). The appointing authority is the President of

India, and while the respective State Governments have control over them, they cannot censure or take disciplinary action against an All-India service officer without consulting the Union Government (Ministry of Personnel, Public Grievances & Pensions [MPPGP], 2014).

Far from the idealistic beginning espoused by Sardar Vallabhbhai Patel (refer to the quote at the beginning), the last 67 years since Independence have been marked by a continuous down-hill journey of Indian bureaucracy. Time and again, questions have been raised about the imperviousness, wooden-headedness, obstructiveness, rigidity, and rule- and procedure- bound attitude of the bureaucracy (Godbole, 2001). The bureaucracy has not only become inefficient, it has also become highly corrupt. According to a recent survey of the bureaucracies of the 12 Asian economies, India's "suffocating bureaucracy" is ranked as the least-efficient, and working with the country's civil servants was described as a "slow and painful" process (Rana, 2012). Indian bureaucrats are said to be a power center in their own right at both the national and state levels, and are extremely resistant to reform that affects them or the way they go about their duties (Saxena, 2010).

Given the significance of bureaucracy (the executive branch of Government) in India's growth and the *pursuit of happiness*, the aim of the present position paper is to analyze and discuss the relationship between the Indian Administrative Service and crony capitalism. The paper examines several of the serious problems that the Indian Administrative Services faces and in the end suggests some recommendations to improve it. The present paper is structured as followed. The next section titled 'External Forces of Disruption' discusses the external forces on bureaucracy that account for its dismal performance. The section titled 'Internal Forces of Disruption' present an analysis of the possible internal forces that affect its performance. The section labeled as

‘Recommendations for the Future’ presents some recommendation for the addressal of and improvement of the efficiency of the Indian Administrative Services.

EXTERNAL FORCES, IAS AND CRONY CAPITALISM

Apolitical Services to Committed Services

In a well-functioning democracy, the political process would ideally find answers to governance problems (Saxena, 2010). Political pressure can be healthy and can provide for checks and balances to ensure administrative efficiency and timely services to the people of the nation. Pressures, properly manipulated and wisely regulated, can go a long way in ensuring that the administrative machinery stays focused, and committed to growth and development. Unfortunately, this is not happening in India! The founding fathers of Indian polity wanted the All India Civil services to be apolitical, independent, fearless and upright in tendering advice to the government. Unfortunately, the reality has turned out to be quite the opposite. Most of the governments, both at the Centre and the states, have continued to take actions in total disregard to the Constitutional obligations cast on them.

The turning point in the relationship between bureaucracy and political masters happened undeniably during the regime of Indira Gandhi as Prime Minister. She made no secret of her contempt for the civil services and took every opportunity to run them down. A calculated effort was made during the Emergency to place persons who were willing to further the interests of the center in vital positions, in gross violation of established administrative norms and practices (Garg, 2002). The politicization of the services has been carried forward by the subsequent Prime Ministers. The idea of apolitical services was transformed to committed services and did a permanent damage to the fabric of the services. A new breed of civil servants was born who were prepared to crawl when asked

to bend and were prepared to do the bidding of their political masters, often anticipating their wishes (Godbole, 2001).

The electorate in India is splintered into tiny fragments. In the Lok Sabha elected in 2009, ninety-nine per cent of the members of the Lok Sabha, the Indian equivalent of the House of Commons, have been elected by a minority of those entitled to vote; 92% have been elected by fewer than 40% of electors; 58% by fewer than 30%. Seventeen per cent have found their way in by securing the votes of fewer than 20% of electors (Shourie, 2009). The result of this fragmentation is that a shameful number of our legislators have criminal records and backgrounds, including convictions for the most serious offences such as murder. You would not expect reforms to be among the priorities of such a class. And, unfortunately, the knowledge of the average legislator about what needs to be done to, say, enable India to compete with other countries is of little worth. The political system in our states and center is accountable not to the people but to those who are behind the individual Members of the state level Legislative Assemblies (MLAs) and Members of the Parliament (MPs); these are often contractors, mafia, corrupt bureaucrats, and manipulators who have made money through the political system, and are therefore interested in the continuation of chaos and patronage based administration (Saxena, 2010). The politician who uses a public servant for purely private purposes and the public servant who allows her to be so used are both debasing themselves and doing a great disservice to the country (Garg, 2002). There are multiple ways to coerce, cajole and subdue honest officers. A few prominent ones used by our political class are listed below.

Transfer Mania

The arbitrary and mindless transfers of government servants have become a part of daily routine of present day governments (both state as well as center). Many a times, transfers

are used as an instrument of punishment. Transfers have become a lucrative industry in several states and there is no possibility of its being de-licensed even in this era of economic liberalization! (Godbole, 2001). Whenever a new government is elected, the first thing it does is to transfer the IAS and IPS officers. For example, the BJP-BSP coalition government headed by Mayawati in Uttar Pradesh in 1995 transferred 600 officers in her 135-day tenure (Singh, 1997). Taking cognizance of this shocking state of affairs, the High Court of Uttar Pradesh noted that “all governments in the last decade had been responsible for making transfers and postings a lucrative industry and that government servant were being treated like shuttle-cocks to be banged and battered around frequently on political, caste, monetary and other extraneous considerations”. The Court suggested setting up of a high level committee to oversee transfers and postings. The state government promptly went in appeal and got a stay from a division bench of the Court. It is abundantly clear that there is no political will to make any change in the present system (Godbole, 2001)

During the ICS days, an officer had a fixed posting of three years as district collector/deputy commissioner and it is said that the commissioner was never transferred without expressing his desire to do so (Kothari, 2001). In almost all states people see the bureaucracy as wooden, disinterested in public welfare, and corrupt. Bright men and women join the IAS, but adverse work environment, constant political interference, frequent and often meaningless transfers, and corruption below and above them, all leads to the death of idealism, and encourages them too to misuse their authority (Saxena, 2010). It becomes very difficult for an officer to learn and understand all the issues in a district of population of more than 10 lakhs and more than 600 villages. At times, this tenure is restricted to a few months only and much of the officer’s time is spent not in

planning programs but in keeping his posting intact (Kothari, 2001). A young IAS officer from Bihar described the predicament of honest officers in the following terms:

‘As Project Director (PD) I was handling rural development funds and it was often a problem to release money to the sub-district Blocks and Panchayats (elected village councils). This was so because the Block Development Officer (BDO) or the *Mukhia* (elected panchayat president) would immediately take up 'n' number of schemes and distribute the total money as advance to either his own relatives who act as agents or *Abhikartas* (Junior Engineers) in employment schemes or the muscle men or petty contractors of the local MLA. If any action is proposed against the BDO or the *Mukhia* a report has to be sent to the Minister who often does not take any action. This further emboldens the BDO while the Collector/PD gets demoralised. Upright officers have been systematically marginalised by the indulgent political masters who expect a committed bureaucracy. Committed officers enjoy outstanding CRs (annual confidential reports) and foreign training, while upright officers are sidelined in useless departments like *Rajbhasha* (Official Language), Protocol etc. When they apply for GOI deputation, all kinds of hindrances are created. This is done to break the upright officer and make him submissive and more committed.’ (as reported in Saxena, 2010).

Misuse of CBI

The honest officers are harassed and humiliated as if they are doing something that is against the interests of the country. Compounding these problems is the misuse of the CBI by successive governments to harass foes and protect friends. Cases and forged charges are levied against honest officers, are harassed, shunted out and across ministries, and threatened for suspension at whims and fancies of ministers. In 2013, the CBI registered an FIR naming industrialist Kumar Birla and IAS official PC Parekh in the allocation of the Talabira coal block in 2005. Parekh had a high reputation for integrity, and had actually raised questions about the allocation. Similarly, CBI moved to investigate the secretary of disinvestment ministry for the disinvestment of Udaipur’s Laxmi Vilas hotel on the basis of an oral complaint, 12 years after the decision (Shourie, 2014). If the CBI is going to chase officials, why will they risk taking quick decisions?

A few recent cases that have caught the country’s attention are of Ashok Khemka and Durga Shakti Nagpal. Dr. Ashok Khemka is a senior Indian Administrative Service officer in the Indian state of Haryana and best known for honest duty and cancelling the mutation of Sonia Gandhi’s son-in-law Robert Vadra’s illegal land deal in Gurgaon. Dr. Khemka suffered almost everything in his fight against corruption. He has received death

threats (Indiatoday, 2012), two chargesheets (Kamal, 2013) and 44 transfers in a career spanning 21 years (Patel, 2013). Durga Shakti Nagpal, a civil servant and officer in the Uttar Pradesh cadre of the Indian Administrative Service, launched a massive drive against corruption and illegal sand mining within her jurisdiction of Gautam Budh Nagar and was later suspended by the Uttar Pradesh government for allegedly demolishing an illegal mosque wall in a village in Greater Noida. Her suspension was revoked by the Uttar Pradesh government on 22nd September, 2013 only after severe opposition from association of Indian bureaucrats and the general public (Zanane, 2013).

It is not uncommon that a bureaucrat who has displeased an influential politician or taken a principled stand against his Minister is victimized and humiliated, without anyone coming to her rescue. It is all right to say that as she has the protection of permanent service and that a civil servant willingly should pay such a price in the interest of clean administration. But when a young District Collector with two school-going children is repeatedly transferred from one place to the other, or an outstanding officer gets rotten postings, her idealism take a heavy beating. The bureaucracy is the creation of the prevailing political system, and a thoroughly corrupt and self-serving political system cannot foster an honest and public-spirited bureaucracy (Gill, 2001).

Indian Cultural Context

Culture provides a comprehensive framework for understanding the various facets of work behavior. Cultural values and social habits are the societal means of coping with environmental exigencies and historical legacies (Sinha, 1990). For example, the development values of justice and equal opportunity for all have arisen out of the nation's disgust with corruption, crony capitalism, poverty and inequality, and the resultant aspiration to catch up with the developed West. The external realities and the historical legacies have shaped significantly India's societal culture that plays a significant role in

determining the work culture of government offices and bureaucrats. The relevant setting for the concern for work (or lack of it) may be a cluster of organizations located in a geographical or socio-political region having its own features and demands on the people who live in that region (Sinha, 1990). An analysis of Indian bureaucracy will be incomplete without talking about the socio-cultural values and systemic features of surrounding milieu within which it is situated.

Hierarchical social structures and relations. Indians are highly status conscious. Historical legacy of caste system that fails to die in our society has had such a pervasive influence on the Indian psyche that there is a high acceptance (and at times expectation) of hierarchy and high power difference with bosses and subordinates. Indians feel comfortable in the superior-subordinate framework and peer group relationships induce anxiety till the peers are ranked on some real or imaginary dimension (Sinha, 1990). Unquestioned power is an invitation for corruption and crony capitalism. Seeking and retaining power, whether personal or collective, and the desire to be secure corrupt the mind and bring about its decay (Krishanmurti, 1977, as cited in Verma, 2010). Each individual has vested interest which she is consciously or unconsciously protecting, watching over and not allowing anything to disturb. Self, consciously or unconsciously, uses activity or profession as a means for its own gratification, for the fulfilment of its ambitions, or for the achievement of success in terms of power (Verma, 2010). Bureaucrats are clothed with immense power. A district magistrate is chairman of close to 80 committees that are responsible for the development of the district. When the power comes with subservient subordinates and people who are afraid to speak out openly against corruption and wrongdoings, it is likely to encourage cronyism. Thus, societies having high power distance may be at a disadvantage when it comes to human development and progress.

Collectivism. India is a collectivist society. Collectivism pertains to societies in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's life-time continue to protect them in exchange of unquestioning loyalty (Hofstede, 2001). Collectivism is identified by collective and interdependent view of the self (Markus & Kitayama, 1991). Indian researchers have discussed the role of *need for extension* (Pareek, 1968) and *need for social achievement* (Mehta, 1995) as important motivators for the Indian workforce. Every individual in India is always linked to the rest of social body by a network of diversified ties (Sinha & Sinha, 1990). While researchers (e.g., Triandis, 1988; Sinha, 1990; Yang, 1988) have argued for the value of collectivism in the context of development, regrettably there are more example of selfish exploitation of collectivist values promoting corruption, violence, and quite often criminalization of politics and education (Verma, 2010).

Combinations of power distance and collectivism can lead to formation of two types – horizontal collectivism and vertical collectivism (Khatri, Tsang & Begley, 2010). Horizontal collectivism is a blend of collectivism and low power distance showing a sense of oneness with member of the in-group with a reasonable amount of egalitarianism as is reported in, for example, Israel (Sinha, 2010). Vertical collectivism, on the other hand, is a combination of collectivism and high power distance in countries such as India. Collectivist cultures value in-group relationships based frequently on kinship or other ascriptive ties. While vertical cultures assume that people are different from one another, take hierarchy as a given, and accent status differences as well as respect for authority, horizontal cultures value equality, see people as similar to one another, therefore interchangeable, and minimize status and authority distinctions. Horizontalists want to ensure that such decisions are made by those who know the limits of their power and subject their decisions to scrutiny (Khatri et al., 2006). Countries high on vertical

collectivism are much more likely to suffer from a lack of economic freedom. Vertical collectivists tend toward “executive privilege under competitive conditions combined with in-group obligation in a collectivist environment” and that this “orients vertical collectivist cultures toward the highest levels of cronyism (Roberts, 2010).

Own-other dichotomy. Indians prefer loyalty and dependability over efficiency and independence (Sinha, 1990). They find it easier to work in paternalistic relationships (i.e. superior-subordinate roles) rather than with equals (Sinha & Sinha, 1990). They prefer personalized relationships based on their societal values of deference (*shraddha*) and affection (*sneh*). The role of the superior is to provide guidance, protection, nurturance and care to the subordinate, and the role of the subordinate, in return, is to be loyal and deferent to the superior (Aycan et al. 2000, p. 197). Kakar (1978) noted that Indians are more sensitive to (or concerned with) not the goals of work but with emotional affinity. Such a work culture is bound to lead to administrative inefficiencies, favoring of own and interests of known people, and lack of trust and credibility, all ideal breeding grounds for cronyism.

Indians are to a greater extent still more parochial in thinking, feeling, and behaving. They are more accustomed to thinking in terms of narrow identities like our own selves, castes, communities, regional and linguistic groups, which are constantly being reinforced by the government’s actions (Desai, 2008), and eroding the work culture in Indian organizations. The social structures and rent-seeking behaviors that existed at the time of independence have been maintained and even expanded (Osborne, 2001). The feature of embeddedness with one’s in-group (Sinha, 1990) has been found to lead to problems like regression of trust and credibility gap resulting in caste based group formations (Verma, 2010).

In the early period of the IAS, not only were most politicians from the Congress party but they were also from some of the same caste and communities as the IAS members. Both were composed of elites within the Indian society. Today, however, given the conflicts between politicians in the states and those at the Centre, it is not surprising that some individuals perceive a higher level of political conflict because the politicians and IAS members come from different communities (Radin, 2007). For example, Mayawati transferred 600 IAS officers in 1996 to set the caste equations correct in the districts. Such things can only undermine the vibrancy and effectiveness of our democracy.

Amoral familism. Poverty, and its allied maladies, has been so pervasive and extreme in India that even the well-to-do Indian in the post-Independence era suffers from a poverty syndrome (Sinha, 2000). Poverty syndrome manifests in a fear of getting poor, becoming failure in face of odds, or running into unanticipated misfortune. Even those who are well-off fear to lose their possessions; if not they, they fear that their children may become poor. Poverty syndrome leads to *amoral familism* that is characterized by a compelling concern to favor family and friends at the cost of community or public interests, thus leading to cronyism. Amoral familist Indians, hence, manifest a strong disposition to acquire and hoard material resources by adopting any – even corrupt – means, pursue narrow interests, and run after short-term gains (Verma, 2010). The most effective way to do so is to acquire, consolidate, and enhance power that enables them to accumulate more wealth, and also make them immune from being censured for their wrongdoings. This is the classic case of cronyism.

After the implementation of Mandal committee report, almost about 50% of officers joining the Indian civil services are from socially backward groups (Scheduled Castes, Schedule Tribe, Other Backward Classes) (Radin, 2007; UPSC, 2013). These

young officers have never seen affluence in their lives. When these young men and women are given sweeping powers of decision-making for the growth and development of the people, most likely their concern is to get rich quickly and acquire all that they had been deprived of for so long. In doing so, they not only promote themselves and their self-interests, but also of their relatives, the businessmen from their communities, thereby leading to crony capitalism.

Socialist Economy and Big Government

Indian remained a closed, socialist economy till 1991 when the economic reforms were finally undertaken and the economy opened up for foreign players. The license-permit-quota-raj consisted of stifling controls (was subsequently reduced in 1980s and lifted in 1990s) influenced prices, production, capacity, investment, imports and exports, capital markets, banking and finance, land, labor during 1950-1980. It provided for collusion between a corrupt government (politicians and bureaucrats) to generate money to run parties and fight elections, and later became a means of generating personal income and wealth.

The Government plays a pervasive role in determining the health of an economy. It runs a number of public enterprises and operates key sectors like railways, mining, power etc. In addition to playing an extensive role in agriculture, the Government oversees the management of social sector, particularly health and education. Furthermore, as a regulator, the Government's role is both broad, spanning most economic and welfare activity, and deep, including the micromanagement of several sectors of the economy, and price control and policy making for the private sector. As a result, its resources and managers are so over-stretched that they cannot do justice to any area, let alone those that need attention and resources the most: basic education, primary healthcare, poverty alleviation and rural infrastructure.

Controls of government presently (from the corruption perspective) remain in areas of government ownership of land, minerals, energy and infrastructure accelerating growth of demand for natural resources, faster growth of the economy, rise in rents on natural resources, provide greater incentive for corruption, particularly on tradable natural resources where global prices had shot up (oil, coal, iron-ore) and non-tradables (urban land, electricity, transport networks) where gap between domestic demand and supply has widened. The situation is dangerous and is likely to promote crony capitalism.

Commenting on the connection between big governments and crony capitalism, Jagannathan (2009) observes that India has a “high-cost and venal political system” where “government business almost always means corruption” and to “benefit from it, you have to be a crony capitalist, a friend of politicians.” He further notes “large government is invariably accompanied by crony capitalism. Reason: When government spends more, private companies do more business with it.” Another classic example of crony capitalism at work is in the government procurement sector. A recent Heritage Foundation report concluded that foreign companies win less than 1 percent of the contracts in the gigantic, government-funded Indian infrastructure construction market (Scissors, 2010).

It is true that Indian bureaucracy became bloated and autocratic, but this only reflected the political and social policies of government. It had to grow to implement the ever-expanding role of government. It becomes autocratic only because it was representing an omnipotent government (Deshmukh, 2001). A district magistrate of a district is the chairman of close to 80 committees. Given this situation it is easy to imagine both the opportunities and the discretion that is at the disposal of an IAS officer to make easy money.

IAS CHARACTERISTICS AND INTERNAL FACTORS

Nothing Changed: ICS Continued

The Indian bureaucracy has never been able to shed its colonial paternal syndrome to assume the role of a public service provider (Gill, 2001). To be fair to the modern brand of politicians, it must be admitted that except for high integrity, neutrality towards party politics, and provision of minimal administrative services in times of emergency, the civil service even in the times of the Raj had little to commend for itself. Efficiency in the civil services was always very narrowly defined; it was in terms of contempt for politics (Indian political parties) and adherence to rules, but never in terms of increased public satisfaction (Burra, 2010; Saxena, 2010). About the public administration, Jawaharlal Nehru wrote (Gill, 2001; Singh, 2005):

But of one thing I am quite sure, that no new order can be built up in India as long as the spirit of the ICS pervades our administration and our public services. Therefore it seems to me quite essential that the ICS and similar services must disappear completely, as such, before we can start real work on a new order.

Nehru had seen at close quarters the working of the Indian bureaucracy and had been at its receiving end for nearly two decades before he made this observation. He set up several committees to overhaul the system. But the colonial bureaucracy has remained completely intact (Burra, 2010). There is little indication that those who are responsible for the IAS have attempted to acknowledge that the more than 60-year-old system has been or should be modified to deal with the changing times and a new India. Some now even argue against the continuation of the IAS. The 2002 report of the National Commission to Review the Working of the Constitution argued that the “steel frame” of the IAS was not even a “cosmetic change” from the colonial era ICS and is thus a relic of a colonial past (Radin, 2007).

Unfortunately, there are little signs of flexibility and change in the way the new IAS recruits are trained at the Lal Bahadur Shastri National Academy of Administration

in Mussoorie, India. Radin (2007) analysed the curriculum of the foundation course for IAS officers at the Academy and had the following observations: there has been very little change in the curriculum that was being taught a decade ago; there is little discussion on the problems of corruption, dealing with politicians, serving as a bridge between the people and the politicians, and issues of secularism will face the new officers; the curriculum does not deal with the need for officers to find ways to creatively integrate separate national policies at the local level; the economics section of the syllabus does not include detailed attention to the new global economy and India's role within it; the only mention of Centre-state relations is found in the subject area called political concepts and constitution of India.

Most of the faculty and the Directors at the Academy are individuals who are veterans of the service who – not surprisingly – focus on the subjects and the teaching style that they experienced during their own training period. There is little acceptance of outsiders (management teachers, professionals) and willingness to hear new ideas. The IAS officers operate the academy as their government departments with a strict sense of hierarchy. Outside faculty are usually not invited to the academy as they “do not understand the pulls and pressures experienced by an IAS officer”. The faculty who teach the young officers not exposed to teaching methods that are interactive and involve problem solving techniques rather than traditional lecture classes. Some faculty appear to view the Foundation Course as a way of preparing officers for their first district level experience; others do not seem to emphasize that experience (Radin, 2007).

The colonial legacy, inflexible training and transferred values and their disgust for political masters has ensured that the administrative accountability in India was always internal and upwards, and the civil service's accountability to the public had been very limited leading to greater incidents of cronyism (Saxena, 2010). Civil servants are just as

comfortable with the status quo: the enterprises are as much a part of *their* empires as they are of the transient minister. Given the inclination of the minister, they are only too eager to show their usefulness by creating obstacles. For example, narrating the his experience of disinvestment, Arun Shourie, a former minister of disinvestment in the Government of India observed that “In the privatisation of hotels – each and every one of which was making losses – we were driven to a position where we had to wait upon a ‘no objection certificate’ from every creditor of each hotel. That, in effect, meant every chicken supplier!” (Shourie, 2009)

Lack of Professionalism

A high degree of professionalism ought to be the dominant characteristic of a modern bureaucracy. The fatal failing of the Indian bureaucracy has been its low level of professional competence. The IAS officer spends more than half of his tenure on policy desks where domain knowledge is a vital prerequisite. However, in the present environment there is no incentive for a young civil servant to acquire knowledge or improve his skills. There is, thus, an exponential growth in both, his ignorance and arrogance. It is said that in the house of an IAS officer one would find only three books - the railway timetable, because he is always being shunted from one post to the other, a film magazine because that is his level of interest, and of course, the civil list - that describes the service hierarchy! (Saxena, 2010) An important factor which contributes to the surrender of senior officers before political masters is the total lack of any market value and lack of alternative employment potential. Beyond government they have no future, because their talents are so few. Most IAS officers, thus, end up as dead wood within a few years of joining the service and their genius lies only in manipulation and jockeying for positions within government. As described earlier, the foundation and the refresher courses that are being taught at the Lal Bahadur Shastri National Academy of

Administration (LBSNAA), Mussoorie do not add any skills that may be useful to them in their careers outside bureaucracy.

Candidates successful in the civil service examination set out on a career with well-articulated conditions of service and an assurance of predictable career progression. The conditions of service include salary or wages including subsistence allowance during suspension and periodic increments, leave, provident fund and gratuity, and regular promotions based on seniority (Das, 2001). The course of career progression is well defined. The Constitution itself provides for necessary safeguards against arbitrary dismissal or punishment. Article 311(2) of the Constitution of India lays down that no civil servant shall be dismissed or removed or reduced in rank except after an enquiry in which the civil servant is informed of the charges against him and given reasonable opportunity to defend himself. The bureaucratic structure is largely an insulated internal labor market. Only those who enter the civil service through the examination system, and thus make the early commitment, gain access to senior positions in the public bureaucracy. The idea is to prevent horizontal entry into the top and middle ranks.

Researchers studying the civil service examination of India question where the examination can hardly be called to be a measure of intelligence and creativity of the administrative abilities of the entrant (Das, 2001). The individuals who have joined the services in recent years exhibit a somewhat different profile than those in the past. Creation of new opportunities in the private sector has combined with the fruits of the reservation policy to explain this. A trend analysis of IAS recruits from the 1987 to the 1991 batches indicated that increasingly they were from a lower socio-economic status, from families of government servants, from engineering backgrounds and decreasingly from liberal arts backgrounds (Radin, 2007). Table 1 provides data about the degrees obtained by the candidates who appeared for the civil services main examination, while

Table 2 looks at the distribution of selected candidates according to the degrees obtained by them.

There has clearly been gradual increase in the number of candidates with pass degrees, while the number of candidates with higher degrees is declining. The pool of applicants is getting increasingly filled with candidates whose educational background is qualitatively lower than those in previous years. A similar trend is also visible in respect of the selected candidates. The number of successful candidates with pass degrees has gone up while the number of those with higher degrees has come down significantly. While the number was 34.95% in 1995, the percentage in 2011 was 68.9.

TABLE 1
Educational Degrees of Candidates for Civil Services (Main Examination)

	1995	2009	2010	2011
Higher Degrees	5357 (61.62%)	5170 (44.9%)	4900 (41.3%)	3271 (29.1%)
Bachelor Degrees	3337 (38.38%)	6344 (55.1%)	6965 (58.7%)	7966 (70.9%)

Source: The Annual Reports, UPSC

TABLE 2
Educational Degrees of Candidates Selected for Civil Services

	1995	2009	2010	2011
Higher Degrees	417 (65.05%)	342 (39.1%)	321 (34.8%)	310 (31.1%)
Bachelor Degrees	224 (34.95%)	533 (60.9%)	600 (65.2%)	689 (68.9%)

Source: The Annual Reports, UPSC

The degree of competitiveness of a civil service examination depends on two factors: (a) whether there is a system of reservation of jobs, and (b) how many attempts a candidate is permitted to appear for the examination (Das, 2001). While in countries like Japan and Singapore, there is no reservation of any sort, in India to the extent of 50 per cent of total recruitment is in favor of particular communities. The reservation has ensured that people are chosen based on their caste and social backgrounds rather than on

the basis of merit. The number of attempts a candidate is allowed for appearing in the examination detracts from its competitiveness. In Japan, a candidate is allowed only one attempt. In India, on the other hand, an applicant from the general category is allowed four attempts and a candidate from the reserved category as many as seven attempts. According to the UPSC report for the year 2012-13, only 15.8% of the candidates selected for civil services cleared the examination in the first attempt. Twenty seven per cent cleared the examination in second attempt, 24% in the third attempt, 13.5% in the fourth attempt, and 19.3% in fifth or more attempts (UPSC, 2013).

The civil service examination is an eighteen-month long process consisting of three phases: preliminary, mains and interview (personality test). Many candidates waste valuable years of their lives taking the examination year after year. More fundamentally, this has also had the effect of subtracting the effective meritocracy of the civil service. A study by the LBSNAA has noted that ‘the average quality of entrants to the service is inversely proportional to the number of attempts that a candidate should be allowed to each candidate (Das, 2001). The impact of a long examination where half the number of seats has been reserved is that there are not enough qualified young men and women who want to join civil services and contribute to nation building. The uncertainty of the whole process discourages them from sitting for the applying for civil services. Instead, they take up well-paying jobs in India and abroad and prefer to work in an organization that gives them the right value for their skills. Clearly, the civil service in India is not in a position to attract the kind of talented individuals who are less likely to be corrupt.

Structure of Reward and Punishment

The reward system in a public bureaucracy can take the form of compensation, promotions, and placements in civil service assignments. It is the government that determines the level of civil service compensation in India based on the recommendations of the pay commissions set up from time to time. There have been, so far, six pay commissions set up by the central government (first: 1946-50; second: 1957-59; third: 1970-73; fourth: 1983-86; fifth: 1995-97; sixth: 2006-08). Since the first pay commission, the commissions have recognized the ever-widening gap between government and private salaries. For example, while the sixth pay commission cited various reasons why comparison between government jobs and private jobs may not be the right thing to do as the government jobs provide better work-life balance and lower job stress, job security, unparalleled variety and job content, along with a much wider canvas of operation than in the private sector, prestige and the opportunity of making a contribution to national policy or its implementation, it recognized that “while the compensation provided by the Government is higher at Group C and D levels, private sector compensation packages are marginally higher for employees comparable to Group B employees and substantially higher for posts comparable to Group A officers in the Government” (Government of India, 2008, p. 34). The salary structure was subsequently revised by the pay commission. The current salary structure prevailing in the Indian administrative services is given in Table 3 below.

TABLE 3
Salary Structure of the Indian Administrative Service under Sixth Pay Commission

Position in the State Government(s) or Central government	Pay Scale
Cabinet Secretary of India	₹90,000
Chief Secretary of States, Union Secretaries in charge of various ministries of Government of India	₹80,000 (fixed)
Principal Secretaries/Financial Commissioners in states, Additional Secretaries to the Government of India	₹37,400-₹67,000 plus grade pay of ₹12,000
Secretary in state government or position of Joint Secretary to Government of India or Divisional Commissioners	₹37,400-₹67,000 plus grade pay of ₹10000
District collector or Special Secretary in the state government or a Director in the central government	₹37,400-₹67,000 plus grade Pay of ₹8700
District collector or the Municipal Commissioner or a Deputy Secretary in the central government	₹15,600-₹39,100 plus grade pay of ₹7600
Chief Development Officer in District or Joint Secretary in State or Under Secretary in Central government	₹15,600-₹39,100 plus grade pay of ₹6600
Sub-Divisional Magistrate (Entry)	₹15,600-₹39,100 plus grade pay of ₹5400

Source: IAS Service Profile, Ministry of Personnel, Public Grievances and Pensions

While government employees naturally value job security, they also need a reasonable standard of living. Payment of high salaries by itself is not a guarantee for the honesty and integrity of the public service. But, the payment of a salary that does not satisfy the minimum reasonable needs of a government servant is a direct invitation to corruption (Ministry of Finance, 1973). The sixth pay commission introduced a lot of measures to ensure that some parity is established between the salaries of civil servants and private sector professionals. The commission recommended a higher starting salary for civil servants and also recommended that the Government should have the flexibility to offer a market driven salary to highly qualified scientific and technical personnel whose skills are in demand in the private sector. The higher package was, however, to be accompanied with a fixed term contract which could be altered based on performance. In addition, the commission made suggestions in regard to appointment to selected posts at higher levels on contractual and tenurial basis where market driven salaries could be paid in order to attract the best possible expertise to the Government. Further, taking into

account the fact that a large portion of the salary in the private sector comes from performance related payments, the Commission recommended introduction of performance related incentives in the Government (Ministry of Finance, 2008).

In addition to the salary structure, the promotion process followed in India is a closed multi-track model. An All-India civil servant is assured of at least four promotions in his/her career that spans more than thirty years (Das, 2001). There is no lateral hiring, and only the person who has entered the civil service through the entrance examination can ever become a senior bureaucrat. It is an accepted principle in management that the competent and meritorious individuals should be given faster promotions and better career opportunities. While the concept of benchmarking has been introduced in grading of annual performance reports, promotions are finally made on the basis of seniority only as all civil servants usually have good appraisal reports (at least on paper). A typical career ladder of an IAS officer is given in Table 4.

TABLE 4
Career Ladder of an IAS Officer

Position in the Government of India	Equivalent Position in the State Government
Under Secretary (4)	Deputy Secretary, Additional District Magistrate (Entry)
Deputy Secretary (9)	Joint Secretary/District Magistrate/Deputy Commissioner (6)
Director (13)	Special Secretary/Heads of Departments (HODs) (9)
Joint Secretary (16)	Secretary (16)
Additional Secretary (25)	Principal Secretaries/Financial Commissioners (24)
Secretary (34)	Chief Secretary (300)
Cabinet Secretary	No equivalent (Constitutional authority – ranked 11 th in the Table of Precedence)

Source: IAS Service Profile, Ministry of Personnel, Public Grievances and Pensions

What is discomfoting about this scheme is the almost guaranteed nature of promotions without any attempt at sifting the brighter and the more competent among the all-Indian services or relating the process of promotion to their performance-indicators.

Time bound promotions provide no incentive for any officer to perform better than what she/he is capable of. When they see their counterparts in the industry getting promoted faster and thus, earning more money, they are likely to indulge in corrupt practices so that they make money faster. According to a report on salaries in different private sector, Kelly Services India Pvt. Ltd., a HR solutions company, the salary of an employee beginning his/her career in corporate jobs is at least 1.5 times higher than those who begin their careers in the Indian Administrative services. The difference becomes wider and wider as the years of experience increases, and by the mid-state (10-15 years of experience), the gaps has widened to about 2-2.5 times. By the time the individuals reach the twilight of their careers (about 30 years of experience), the difference is anywhere between 3 to 5 times (Kelly Services Inc., 2013).

The experience of other countries is vastly different. Singapore, that now has the best bureaucracy in South-East Asia (Rana, 2012), has periodically increased civil service compensation to bring it on par with or to make it even higher than the compensation in the private sector (Das, 2001). A civil servant in Singapore is one of the best paid in the country and are competitive to private sector. Salaries of civil servants are reviewed annually and adjustments are made where necessary to keep pace with the market (Yong, 2014). By default, the civil servant gets an annual increase in pay (called merit increment) dependent on whether she performed well at work and on top of that a promotional increment (if she gets promoted to a higher job-grade). The starting salaries for a civil servant are determined based on her calibre (such as work experience, skills, educational qualifications, personal qualities), demands of the job (such as the type of work, scheme of service that one is appointed to) and the prevailing labour market (Singapore Government, 2014).

The promotions in Singapore are entirely merit-based. The merit of the civil servant is determined by his performance in grade, and by an assessment of the civil servant's ability to carry out the responsibilities and duties of the next grade. Reports of the supervisors on performance, recommendations of ministerial or departmental committees, and an assessment of the ultimate potential of the civil servant is taken in account when promoting the civil servants (Das, 2001). The civil servants can be promoted to their final ranks by the age of forty-five. In India, the promotion system is only remotely linked to internal merit and has, therefore, not succeeded in raising the stakes for corruption. The process of promotion is not one of healthy competition but only a rat race where many of the civil servants make use of power brokers, fixers, politicians and top businessmen to get them into postings of repute and favor. Once on these positions, they are bound to return the support offered to them by indulging in acts of cronyism.

Transfers of civil servants in India are made with such frequency that fixity of tenure is an exception rather than the rule. Unlike the ICS of the British days when each civil servant has a fixed tenure of at least two years, today the civil servants are shuffled based on the whims and fancies of their political masters. The percentage of IAS officers spending less than a year in their current postings has ranged from 48 to 60 per cent of the total strength of IAS for the entire country. The percentage of IAS officers who spend more than three years in a current posting has been less than 10 per cent. Connect between transfers and cronyism is quite simple and actually rather intuitive. Robert Wade (1982), writing on the bureaucracy observes:

The transfer is the politicians' basic weapon of control over the bureaucracy, and thus the lever for surplus-extraction from the clients of bureaucracy. With the transfer weapon not only can the politicians raise money by direct sale; they can also remove someone who is not being responsive enough to their monetary demands or to their request for favours to those from whom they get money and electoral support – in particular, the contractors. One is thus led to visualize a special circuit of transactions, in which the bureaucracy acquires the control of funds...then passes a

portion to MLAs and especially ministers, who in turn use the funds for distributing short-term material inducements in exchange for electoral support.”

Promotions and placements are a more selective and discriminating method to reward good officers than pay raise alone. In Japan, the promotions are merit-based taking into account a combination of seniority and a number of performance indicators. Politician in power have no inputs in the matter thereby, reinforcing the merit-based nature of the civil service system. The placements are made on the basis of an internal merit system linked to performance and suitability. Matters relating to civil service tenure, discipline and compensation are decided by the National Personnel Authority, an autonomous and non-political administrative agency. Autonomous functioning of the National Personnel Authority has determined civil service behavior in Japan and has ensured that compensation decisions for the civil servants are made in terms of the prevailing private sector standards, and not as a result of political or public pressures.

Lack of Punishments

A system of incentives, recognition and punishment for the public servants is, therefore, an integral part of the functioning of public service (Kutty, 2012). The bureaucracy in India is based on the principle of hierarchy. The superior in the hierarchy is endowed with the powers to monitor and punish corruption by subordinates. All departments in the central government have a Chief Vigilance Officer (CVO) at the top level assisted by Vigilance Officers (VO) in handling complaints of corruption. Although the control system looks impressive on paper, it has not worked as intended. The disciplinary cases against government servants tend to be long-drawn taking years, sometimes even decades, to complete. The issue of delay is a major concern. If a government servant is not guilty of the charge, then the delay leads to a long period of stress and the stigma of being under investigation. Once a departmental inquiry starts, several normal career

developments are affected, such as empanelment, promotion, consideration for foreign training/travel. Thus, an officer who may have been wrongly charged has to suffer prolonged ignominy even if he or she is ultimately exonerated. On the other hand, if the officer is indeed guilty, it is all the more necessary that he or she is brought to book swiftly.

At the level of the central government, the Central Vigilance Commission (CVC) is the agency charged with the responsibility of dealing with corruption. The commission was established on 11th February in 1964 by the Government of India by a Resolution as an Integrity Institution to supervise vigilance administration of the country through Chief Vigilance Officers (CVOs). The Commission is headed by a Central Vigilance Commissioner and functions through a well-established vigilance administrative set up, guidelines and manuals. The Commission is assisted by Chief Technical Examiner's Organization (CTEO) for technical matters including formulation of guidelines concerning tendering in procurement and construction related issues (CVC, 2012). The Commission was given statutory status by enactment of CVC Act, 2003 and vested with autonomy and insulation from external influences. After enactment of CVC Act, 2003, the Commission became a multi-member body consisting of a Central Vigilance Commissioner (Chairperson) and not more than two Vigilance Commissioners (Members), to be appointed by the President. The Commission is entrusted with powers to inquire or cause inquiries, call for any information/documents from the Central Government and exercise superintendence over the functions of CBI for offences related to Prevention of Corruption Act, 1988.

Complaints against civil servants are received in the commission either directly or through the departments. After satisfying itself that there is a prima facie evidence of corruption, the commission gets them investigated either through the Central Bureau of

Investigation (CBI) or the CVOs. After the investigation is completed by the department or the CBI, the commission is consulted as to the further course of action, such as departmental action or prosecution in a court of law or dropping of the case. This is called the first-stage advice. In cases where the Commission had advised initiation of major penalty proceedings in the first stage, the cases are required to be referred to the Commission for second stage advice on conclusion of the inquiry proceedings, only in those cases where UPSC is not to be consulted for imposition of any penalty. Further, second stage advice, is not required in cases where the Commission had advised initiation of minor penalty proceedings unless, the disciplinary authority concerned propose to exonerate the officer concerned.

Overall, the Commission received more than 37,000 complaints during 2012 as compared to 17,407 complaints in 2011 which is 113% more than that of previous year. A break up of the complaints received is given below in Table 5.

TABLE 5
Breakup of Complaints Received and Disposed of During 2012

Complaints	Nos.	Action Taken
No. of complaints received and brought forward	37,208	
Anonymous/Pseudonymous	2,010	Filed
Vague/Unverifiable	5,505	Filed
Non-vigilance/officials not under CVC jurisdiction	24,880	For necessary action to organizations/departments
Verifiable	913	Sent for investigation to CVO/CBI
Total disposed of	33,308	
Pendency	3,900	

Source: Central Vigilance Commission Annual Report, 2012

The disciplinary proceedings often are long winded and take inordinate amount of time to complete. Disciplinary proceedings involve numerous stages starting from the detection of misconduct and framing of charges to the final action of awarding penalty or exoneration. Many a times the organizations either fail to provide complete facts relating

to the vigilance case or their recommendations or inputs are not supported by logical reasoning. This necessitates the Commission seeking further clarifications, causing delay in tendering advice (CVC, 2012).

After scrutiny of complaints received, the commission calls for inquiry/investigation reports from the appropriate agencies only in those complaints which contain serious and verifiable allegations and there is a clear vigilance angle. As per the laid down procedure the inquiry/investigation reports are required to be sent to the Commission within a period of three months. However, in a majority of cases there is considerable delay in finalizing and submission of reports to the Commission (Das, 2001). At the close of the year 2012, 14632 complaints were pending with the CVOs concerned for investigation out of which 6145 complaints were pending beyond a period of 6 months (CVC, 2012). The complaints forwarded by the Commission, including complaints received under the Whistle Blower Resolution, mainly relating to officers under the Commission's jurisdiction, were 3580 out of which 1457 were still pending at the close of year 2012. The number of departmental inquiries pending with the inquiry authorities was 1812 in respect of officers under the jurisdiction of the CVC and 6049 in respect of officers outside its jurisdiction (CVC, 2012).

In pursuance to the Commission's advice in 2012, the competent authorities in various organizations, issued sanction for prosecution against 199 public servants. Major penalties have been imposed on 1051 public servants and minor penalties on 1125 public servants during 2012. Table 6 and Table 7 below show the punishments awarded and prosecutions sanctioned by the CVC over the years.

TABLE 6
Punishments Awarded

Year	Punishments Awarded			Total
	Major Penalty	Minor Penalty	Administrative Action	
2008	909	1173	429	2511
2009	876	947	381	2204
2010	994	1269	457	2720
2011	897	1039	376	2312
2012	1051	1125	331	2507

Source: CVC Annual Report, 2012

Table 7
Prosecutions Sanctioned by the Departments over the Years

Year	Prosecutions Sanctioned
2008	138
2009	225
2010	262
2011	183
2012	199

Source: CVC Annual Report, 2012

As can be seen from Table 6 and Table 7, the advice of commission for launching prosecution has been miserable 7.3% ($=199/199+2507$). Commission only has an advisory role when it comes to enforcing punishments. The Commission advises the concerned organizations with regard to appropriate punitive action or preventive/corrective action, as the case may be, as and when required, based on material and verifiable records, leaving final action to the disciplinary authority of the organization concerned, thus discharging its advisory role. In the year 2011-12, the CBI referred cases involving 425 officials of all categories for sanction of prosecution. At the end of 2012, requests for sanction for prosecution involving 77 officials were reported as pending (CVC, 2012).

Delay in completion of vigilance cases is a matter of concern and the Commission has been emphasizing on timely completion of vigilance cases. Since the completion of action on vigilance matters/complaints rests with the disciplinary authority, the

Commission periodically reminds them about the cases where undue delays have taken place. Wherever necessary, the Commission calls the Heads of the organization along with the CVOs to find out the reasons of delay and to finalize such cases expeditiously. The Commission has been impressing upon the organizations that timely completion of investigations/cases ensures that guilty officials are punished promptly whereas honest officials caught in a vigilance case are absolved without any delay. At the end of the year 2012, the Commission noted with concern that as many as 1424 cases were pending for over six months for the implementation of the Commission's first stage advice. During the same period, 683 cases were pending for the implementation of the second stage advice of the Commission beyond six months.

Long and elaborate procedures contribute to delays. Bureaucratic ignorance and inefficiencies at various levels makes these delays conspicuously long. The numbers presented above show that in governmental system a person is rarely punished for work avoidance. Concurrence of Public Service Commission is required before certain types of punishment can be awarded to delinquent officials. The inordinately long delays in inquiries gives wrong signals to public giving rise to cynicism. It results in keeping the morale of delinquent and corrupt officials high and encourages them to indulge in still larger irregularities. They convey a feeling that the corrupt can get away with anything given the right type of connections (Garg, 2002).

Business Class and Crony Capitalism

While, the primary responsibility for corruption lies with the political class, we must also recognize that no bribe has been received before it has been given. The weaknesses in our bureaucratic framework and how different processes are conducted give the businessmen a wonderful opportunity to milk the system to their advantage. It is no surprise then, that in the past few years almost all major industrialists have been linked

up with politicians like Modi-Adani connection, Modi-Ambani connection, or Vадra-DLF connection (Balan & Damor, 2014; Press Trust of India, 2014; Malik, 2012).

The business class, which under normal circumstances one would expect to be a strong supporter of change, as a whole is still under the spell of the licence-quota *raj*. The core competence of many a business remains the ability to manipulate ministers and civil servants. They manipulate these functionaries for tweaking policies and decisions to secure an advantage for them, of course, but they work even harder to ensure that rivals are kept down (Shourie, 2009). They may shout at the top of their voice that they are for liberalization but they are the ones who use very clever and subtle tactics when liberalization hurts their interests (Deshmukh, 2001). Those who are liable to benefit from the reforms are diffused and scattered, and the benefits are liable to accrue to them in the indefinite future. On the other hand, the dislocations that reforms are likely to cause are here and now, and those immediately affected by them are concentrated and organized (Shourie, 2009). Moreover, the frame of reference for most of our businessmen is not the system but their own, immediate interest. The concept of self-sufficiency was exploited by vested industrial interests to perpetuate and exploit a monopolistic, socialist economy. Most of our businessmen would rather cut a private deal with the concerned minister or civil servant than work to change the system that is hobbling all of them together. Indeed, most of them would not think twice of the harm they may inflict on institutions and mores by the deals they cut. Overall, there has been, and is, great resistance to liberalization from the industrialists' lobby in India as it will level the playing field, open doors to honest and fair competition, bring down the entry barriers. The business community in India is equally culpable for the state of affairs that exist in the country.

RECOMMENDATIONS FOR THE FUTURE

The reforms that have taken place in India so far have been in economic policy. Almost nothing has been done to improve the administration and governance. Indeed, in these spheres, there has been an alarming deterioration since independence. By now, incompetence and the disrespect of norms, and the inevitable consequence – corruption and the breakdown of institutions – have become so prevalent that they are hindering economic growth. In the circumstances of a country like India, as much attention has to be on salvaging governance, on ensuring that the state and its institutions function efficiently. Cronyism is a form of deviant economic behavior that sucks the fairness, competition, and vitality out of capitalist systems. In order to defend the free market and reap its highest rewards, we must reject all forms of cronyism and insist on policies that empower individuals, avoid discrimination, and ensure open and fair competition for all.

In a democratic republic like India, power of the people is exercised through their representatives (political executive) elected in a free and fair process who are accountable for all their actions to the legislature. Civil servants are expected to execute the orders given to them by the government and also to give informed and fair opinions to their political masters. Both in the exercise of the delegated authority and in giving advice, civil servants are expected to discharge their duty without fear or favor, affection or ill-will. Deviation from these principles would fail to stem the fast spreading rot. Corruption is one type of social indiscipline which works as the biggest impediment to sustained economic development of the Asian countries (Chakraborty, 2002)

The answers to the long-standing ills and deficiencies of civil services will have to focus on both internal as well as external factors affecting the bureaucracy, as they reinforce each other. Any partial addressal of the issues will not serve the purpose. It is

often forgotten that good governance is basic to any other reforms and changes in society. Everything else can be purchased for a price but not people-friendly, socially conscious and clean administration deeply committed not to any political ideology but to the basic values of rule of law, respect for secularism, human rights and the welfare of weaker sections of society. In order to develop such an effective bureaucracy requires both administrative and political will. Given below are some recommendations for improving the Indian administrative services.

Acknowledgment of governance breakdown. Firstly, the most urgent task is to salvage general governance. No set of purely economic reforms will improve the lives of the people and no set of purely economic reforms will suffice even to sustain economic growth. For reforms in governance, the classes that are making the new India – the entrepreneurs and the middle-class professionals – have to weld themselves into a team of advocates. These classes must step outside their specializations and participate in the democratic process all the more. They must devote at least a part of their creativity, energy and financial muscle to the public sphere. With the popularity of social media, it is now possible to make their presence felt. The anti-corruption movement led by Anna Hazare in 2011 was largely successful because of the reach it attained thanks to a very active social media community.

Minimum governance. Government should withdraw from sectors that are best operated by the private sector, while retaining their responsibility as a prudent regulator to ensure social equity and fair competition in the new circumstances. The government should refocus public spending towards achieving developmental goals; and undertake focused communication to address concerns arising from the dramatic changes involved. It should act as an enabler and a watchdog of market-based development by providing a growth-conducive, deregulated policy environment. Its role should be to facilitate

economic activity in sectors best operated by the private sector, and provide services in others. Decentralised decision-making should be the norm, with local bodies encouraged and empowered to participate in administration

Citizens' charter. Countries like Canada have effectively used 'Citizen Charters' to improve the quality and effectiveness of public services. The Government will need to draft a clear citizen charter for routine services citizens need on a regular basis like the provision of industrial approvals, birth certificates, or driving licences. Citizens' rights, departmental responsibilities, and the quality and timeframe for providing the service will need to be clearly specified. Government employees need to be trained to provide quality service. In addition, robust mechanisms for monitoring quality (e.g., through citizen surveys or social audits) and redressing grievances will need to be created.

Civil vigilance. The public should be encouraged to report cases of corruption by being rewarded for doing so, just as they are currently rewarded for bringing to light cases of income tax evasion. To ensure their effectiveness, the activities of anti-corruption bodies would be publicized: details of cases, persons investigated, and action taken would be made available. Hong Kong has taken a similar approach through its Independent Commission Against Corruption (ICAC) with effective results. The ICAC promotes fight against corruption by advertising ways for citizenry to get involved in the government and raise complaints against the corrupt officials. It conducts sessions in schools, colleges and publicizes steps that can be taken to control corruption in the country. Recent actions by various political parties in India (Gupta, 2014; HT Correspondent, 2014) are a step in this direction and need to be reinforced.

Better reward and appraisal systems. Effective reward and appraisal systems are the best way to introduce a performance orientation. Appraisal systems should track actual performance. Good performers should be identified and adequately rewarded

through both monetary (fast track promotions, bonuses) as well as non-monetary (public recognition) incentives. To enable better performance, giving officials stable tenures, that is, allowing them to remain in a position for at least 5 years, should also be considered. Appropriate department-specific transfer and counseling policies should be developed in a participatory and transparent manner. Performance-based promotions will enable deserving officers become Additional Secretaries and Secretaries to Government in their late forties, so that they have a long span of service in these senior positions. At present such officers have hardly 2-3 years of service left.

Transfers and postings. Powers of transfers of all class II officers should be with Head of the Department, and not with government. For higher ranks of the civil services, there should be some surety of tenure (2-3 years) and officers should be compensated if removed before the period of the pre-decided tenure. A track of transfers should be kept for all officers and an average of at least some pre-defined period (two-three years) for each office should be ensured, so that although government would be free to transfer an officer before two years without calling for his explanation, the average must be maintained above two years. This would mean that for every short tenure someone else must have a sufficiently long tenure to maintain the average.

Some amount of career management should also be brought into the administrative service. The posting should be categorized posts according to its demand and difficulty so as to ensure that everyone gets a fair chance to serve on both important and difficult (such as in remote and tribal areas) assignments. A mix of postings should be created for all officers and it should be ensured that each IAS officer has both easy and difficult, good and bad of the service.

Empowering CVC. The CVC should be empowered to order actions against officials found corrupt. Its role should be upgraded from an advisory body to an

implementation body. Empowering the CVC will likely lead to prompt action on investigation, prosecution and punishment of officers who are involved in corruption cases in an expeditious action. All major penalty punishments should be reviewed at higher levels so that their importance is felt and realized at all levels. Efforts should be made to ensure that the execution deadlines are met. Tolerance and forgiveness are virtues but should not be experimented and practiced at the expense of the state and the public. No one should be discriminated on the basis of caste, gender, race, religion or age. Honest officials should be protected and encouraged.

e-Governance. All HR related data for the officers should be computerized and managed transparently. This will ensure ease of review and better appreciation of the problems involved in various cases. Management Information Systems in respect of disciplinary matters in particular and personnel matters in general should developed. The secrecy of government papers needs to be questioned. This is particularly true in respect of decisions taken in respect of award of contracts, licenses, and permissions for various investments and so on. As has been seen in a number of instances (Siwach, 2014), the government can hardly be trusted as the sole authority on the subject. This inevitably happens when the government is looked upon by the ruling political party as a private limited company meant for making quick profits and not as a government answerable to the people. Putting information online can make the information more easily searchable and verifiable, and reduce the power imbalance that is created because of information asymmetry.

Increasing accountability. Accountability is essential for greater responsiveness to the needs of the public and thus to improve service quality. Apart from the departmental assessments, civil servants should be assessed annually by an independent team consisting of professionals such as journalists, retired judges, academicians,

activists, NGOs, and even retired government servants. These should look at their policies and performance, and suggest constructive steps for their improvement. Priorities for enhancing both internal and external civil service accountability should include: improved information systems and accountability for inputs; better audit; face-to-face meetings with consumers and user groups; publishing budget summaries in a form accessible to the public; a stronger performance evaluation system; scrutiny and active use of quarterly and annual reports; and selective use of contractual appointments.

CONCLUSION

On the eve of India's Independence, Winston Churchill had said, "Power will go to the hands of rascals, rogues and freebooters. All Indian leaders will be of low calibre and men of straw. They will have sweet tongues and silly hearts. They will fight among themselves for power and India will be lost in political squabbles". India has not done too badly to disprove what Churchill had said. Corruption today has become a part of India's ethos. Perceptions of honesty and civil behavior have undergone a major decline during the years. The IAS was formed to serve the people of the country. However, over time it has become increasingly dysfunctional and divorced from public interest. It has problems both internal and external that are plaguing it. The present paper is a review of the Indian Administrative Service as it exists today and describes in detail the problems, issues and challenges it faces. At the end, the paper also presents some recommendations that may be useful in improving the state of Indian administrative services, the top-rated civil services of the country.

REFERENCES

- Aycan, Z., Kanungo, R. N., Mendonca, M., Yu, K., Deller, J., Stahl, G. & Kurshid, A. 2000. Impact of culture on human resource management practices: A 10-country comparison. *Applied Psychology: An International Review*, 49: 192-221.
- Balan, P., & Damor, K. 2014. *Adani group got land at cheapest rates in Modi's Gujarat*. <http://www.business-standard.com/article/companies/adani-group-got-land-at-cheapest-rates-in-modi-s-gujarat-114042501228_1.html>. viewed 2 December 2014.
- Bandyopadhyay, D. 2001. What ails Indian bureaucracy. *Administrator*, XLIV(1): 15-18.
- Bertelsmann Stiftung, BTI. 2014. *India country report*. Gütersloh: Bertelsmann Stiftung, 2014.
- Burra, A. 2010. The Indian Civil Service and the nationalist movement: Neutrality, politics and continuity. *Commonwealth & Comparative Politics*, 48(4): 404-432,
- Central Vigilance Commission, CVC. 2012. *Central vigilance commission annual report 2012*. New Delhi: Central Vigilance Commission.
- Chakraborty, P. 2002. Cancer of corruption and the numbing millennium. *Administrator*, XLV(2): 60-67.
- Das, S. K. 2001. *Public office, private interest: Bureaucracy and corruption in India*. New Delhi: Oxford University Press.
- Desai, M. 2008. Reservations: Compulsions and contradictions. *Indian Journal of Industrial Relations*, 44: 149-154.
- Deshmukh, B. G. 2001. Liberalization and India's bureaucracy. *Administrator*, XLIV(1): 12-14.
- Garg, V. N. 2002. Discipline, corruption, delays and bureaucracy. *Administrator*, XLV(2): 11-17.
- Gill, S. S. 2001. The favourite whipping boy. *Administrator*, XLIV(1): 90-92.
- Godbole, M. 2001. Bureaucracy at cross-roads. *Administrator*, XLIV(1): 64-70.
- Gupta, S. 2014. *MP to start anti-corruption helpline*. <<http://timesofindia.indiatimes.com/city/bhopal/MP-to-start-anti-corruption-helpline/articleshow/39311398.cms>>. viewed 12 December, 2014
- HT Correspondent. 2014. *AAP announces anti-graft helpline for Delhiites*. <<http://www.hindustantimes.com/india-news/aap-announces-anti-graft-helpline-for-delhiites/article1-1170618.aspx>>. viewed 12 December, 2014

- Hofstede, G. 2001. *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*. Thousand Oaks CA: Sage.
- Indiatoday 2012. *Whistleblower Ashok Khemka gets fresh death threats, FIR lodged*. <<http://indiatoday.intoday.in/story/whistleblower-ashok-khemka-sonia-gandhi-robert-vadra-dlf/1/227141.html>>. viewed 15 January, 2014
- Jagannathan, R. 2009. *Big government means more crony capitalism*. <http://www.dnaindia.com/opinion/column_big-government-means-more-crony-capitalism_1287960> 23 July, 2014.
- Kakar, S. 1978. *The inner experience: A psychoanalytic study of childhood and society in India*. New Delhi: Oxford University Press.
- Kamal, J. 2013. *Haryana charges IAS officer Khemka with destroying Vadra's reputation*. <<http://ibnlive.in.com/news/haryana-charges-ias-officer-khemka-with-destroying-vadras-reputation/437772-37-64.html>>. viewed 1 May, 2014
- Kelly Services Inc. 2013. *2013 salary guide: India*. Gurgaon, India: Kelly Services India.
- Khatri, N. & Tsang, E.W.K. 2003. Antecedents and consequences of cronyism in organizations. *Journal of Business Ethics*, 43: 289-303.
- Khatri, N., Tsang, E. W. K., & Begley, T. M. 2006. Cronyism: A cross-cultural analysis. *Journal of International Business Studies*, 37: 61–75.
- Kothari, S. 2001. Has something gone wrong with IAS. *Administrator*, XLIV(2): 11-17.
- Krishanmurti, J. 1977. *Commentaries on living*. New Delhi: B.I. Publications.
- Kumar, R. K. 2010. *Power, prestige, charm*. <<http://www.thehindu.com/todays-paper/tp-features/tp-educationplus/power-prestige-charm/article896991.ece>>. viewed 7 May, 2014
- Kutty, S. 2012. Justice delayed: Reducing inefficiencies for timely completion of disciplinary proceedings against public servants. *Administrator*, 53(2): 92-105.
- Malik, A. 2012. *DLF-Robert Vadra controversy: A news round-up*. <<http://www.livemint.com/Politics/bIyiB4vh8SxBgjy54H1BGP/DLFRobert-Vadra-controversy-A-news-roundup.html>>. viewed 20 June, 2014
- Markus, H. R., & Kitayama, S. 1991. Culture and the self: Implications for cognition, emotion, and motivation. *Psychological Review*, 98: 224–253.
- Mehta, P. 1995. *Social achievement motivation needs, values and work organisation*. New Delhi: Concept Publishing.
- Ministry of Finance. 1973. *Report of the third pay commission*. New Delhi: Government of India.

- Ministry of Finance. 2008. *Report of the sixth pay commission*. New Delhi: Government of India.
- Ministry of Personnel, Public Grievances, & Pensions. 2014. *The all India services rules, 1969*. <http://persmin.gov.in/Archive/Acts_Rules_Archive/AISRules_Archive/Revised_AIS_Rules_Vol_I_Updated_Upto_31Oct2010/Revised_AIS_Rule_Vol_I_Rule_1_2.pdf>. viewed 2 February, 2014.
- Osborne, E. 2001. Culture, development, and government: Reservations in India. *Economic Development and Cultural Change*, 49: 659-685.
- Pareek, U. 1968. A motivational paradigm for development. *Journal of Social Issues*, 24: 115-122.
- Patel, A. K. 2013. *45th transfer? IAS officer Ashok Khemka, who took on Robert Vadra, asked to shift again*. <<http://www.ndtv.com/article/india/45th-transfer-ias-officer-ashok-khemka-who-took-on-robert-vadra-asked-to-shift-again-446032>>. viewed 19 May, 2014
- Press Trust of India. 2014. *Chidambaram, Congress 'biggest patrons' of crony capitalism: BJP*. <<http://indianexpress.com/article/india/politics/chidambaram-congress-biggest-patrons-of-crony-capitalism-bjp/>>. viewed 19 July, 2014
- Radin, B. A. 2007. The Indian Administrative Service (IAS) in the 21st Century: Living in an Intergovernmental Environment. *International Journal of Public Administration*, 30: 1525-1548.
- Rana, P. 2012. India's bureaucracy a 'nightmare'. <<http://blogs.wsj.com/indiarealtime/2012/01/13/indias-bureaucracy-a-nightmare/>>. viewed 12 May, 2014
- Roberts, J. M. 2010. Cronyism: Undermining economic freedom and prosperity around the world. *Background*, 2447: 1-12.
- Saxena, N. C. 2010. The IAS officer: Predator or victim? *Administrator*, 51(1): 96-109.
- Scissors, D. 2010. *Is India's economy weakening?* <<http://www.heritage.org/Research/Reports/2010/03/Is-Indias-Economy-Weakening>>. viewed February 2, 2014
- Shourie, A. 2009. Navigating reforms: Lessons from India. *Economic Affairs*, 29(3): 68-73.
- Shourie, A. 2014. *Is this the way to energise civil servants?* <<http://indianexpress.com/article/opinion/columns/is-this-the-way-to-energise-civil-servants/>>. viewed 1 December, 2014
- Singapore Government. 2014. *FAQs: Public service division*. <http://www.ifaq.gov.sg/PSD/apps/fcd_faqlmain.aspx#FAQ_34278>. viewed 2 December, 2014

- Singh, N. K. 1997. Uneasy partners: Continuity of government policies may be a casualty as BJP, BSP take turns to rule. <<http://indiatoday.intoday.in/story/continuity-of-govt-policies-may-be-casualty-as-bjp-bsp-take-turns-to-rule/1/275675.html>>. viewed June 2, 2014
- Singh, S. R. 2005. Jawaharlal Nehru and public administration. In S. Kapoor (Ed.) *Thought and vision of Jawaharlal Nehru*. New Delhi: Neha Publishers.
- Sinha, J. B. P. 1990. *Work culture in the Indian context*. New Delhi: Sage.
- Sinha, J. B. P. 2000. *Patterns of work culture: Cases and strategies for culture building*. New Delhi: Sage.
- Sinha, J. B. P., & Sinha, D. 1990. Role of social values in Indian organizations. *International Journal of Psychology*, 25: 705-714.
- Sinha, R. B. N. 2010. *Individualism-collectivism and development*. In J. Pandey, T. N. Sinha, & A. K. Sinha (Eds.) *Dialogue for development*: 275-293. New Delhi: Concept Publishing.
- Siwach, S. 2014. *Probe ordered into missing Robert Vadra-DLF deal files*. <<http://timesofindia.indiatimes.com/india/Robert-Vadra-DLF-land-deal-Important-files-missing-probe-ordered/articleshow/45572163.cms>>. viewed 19 December, 2014
- Transparency International 2014. *Corruption by country/territory*. <<http://www.transparency.org/country#IND>>. viewed 19 July, 2014
- Triandis, H. C. 1988. Collectivism and development. In D. Sinha, & H. S. R. Kao (Eds.), *Social values and development: Asian perspectives*: 285-303. New Delhi: Sage.
- Union Public Service Commission (UPSC). 2013. *63rd Annual Report (2012-13)*. New Delhi: UPSC.
- United Nations Development Programme (UNDP), 2014. *Human Development Report 2014*. New York, NY: New York.
- Verma, J. 2010. Values as a force behind development. In J. Pandey, T. N. Sinha, & A. K. Sinha (Eds.) *Dialogue for development*: 252-274. New Delhi: Concept Publishing.
- Wade, R. 1982. The system of administrative and political corruption: Canal irrigation in South India. *The Journal of Development Studies*, 18(3): 287-328.
- Yadav, Y. 2013. *CVC seeks action against tainted civil servants*. Indian Express, 5th July, <<http://www.newindianexpress.com/nation/CVC-seeks-action-against-tainted-civil-servants/2013/07/05/article1668391.ece>>. viewed 2 June, 2014
- Yang, C. F. 1988. Familism and development: An examination of the role of family in contemporary China, mainland, Hong Kong, Taiwan. In D. Sinha, & H. S. R. Kao

(Eds.) *Social values and development: Asian perspective*: 93-123. New Delhi: Sage.

Yong, C. 2014. *Thousands of civil servants receive 5 per cent pay increment to keep salaries competitive*. <<http://www.straitstimes.com/news/singapore/more-singapore-stories/story/thousands-civil-servants-receive-5-cent-pay-increment-ke>>. viewed 2 December, 2014

You, J.-S. 2005. *Embedded autonomy or crony capitalism? Explaining corruption in South Korea, relative to Taiwan and the Philippines, focusing on the role of land reform and industrial policy*. Paper presented at the Annual Meeting of the American Political Science Association, Washington, D.C., September 1–4, 2005.

Zanane, A. 2013. *IAS officer Durga Shakti Nagpal's suspension revoked by Uttar Pradesh government*. <<http://www.ndtv.com/article/india/ias-officer-durga-shakti-nagpal-s-suspension-revoked-by-uttar-pradesh-government-422125>>. viewed June 5, 2014.