

12

Administrative Reforms for Economic Development in North East India

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Traditionally, in the classical economic scheme, the role of the State was assumed to be basically that of maintaining law and order and providing political stability, so that the economic forces can freely operate under natural economic laws. Later, with the emergence of the newly independent countries after the Second World War, the problems affecting their development assumed prominence, and that had required the State to play a positive role in the task of developing these countries. Yet in most development discussions, the scarcity or the magnitude and importance of capital investments and other features closely associated with investment projects have been duly emphasized. But the importance of ensuring that the administrative organization is made capable of handling the enormously large tasks that are devolving upon it as a result of the large investments and outlay programmes, often receives less attention.

In India, while the Five-Year Plans always contain a chapter on administration, hardly did it ever provide a concrete and operational programme of administrative improvement. When major projects were taken up, the technical aspects received considerable attention while a study of organizational requirements was ignored. For instance, the administrative implications of the various types of controls and regulations introduced in the system to ensure that the

economy functioned according to the overall plan – e.g. the information system that would be necessary, the kind of personnel required, the manners in which the regulations should be organized, etc. hardly received the attention of the policy-makers or administrators. The results of this neglect of administration are there for all to see, especially in the North Eastern Region (NER).

The NER today is in the grip of industrial uncertainties because of the law and order problem arising out of maladministration and mishandling of the socio-cultural heritage of the people in various constituent States since Independence. Administration as a specific problem of organization must have received maximum attention in the country ... as in the West including the USA, the stronghold of *laissez faire* ideology. Unfortunately development administration, as distinct from the old colonial type law and order administration, has not yet fully spread throughout India not to speak of the NER. Thus there has been a great deal of wasteful use of resources in the field of public administration.

When India became free, it was advantageously placed in respect of civil administration. It proved adequate as a starting point. Even the then composite Assam State in the NER had the benefit of the steel frame of the British administration with a good number of the members of the Indian Civil Service (ICS) and a few efficient members of the Indian Police (IP). Unfortunately, in spite of the competent members of the ICS, the civil administration was so lax and soft that many of the laws were not properly administered in the State after Independence. One pertinent instance in this regard was the non-enforcement of the Foreigners Act, 1946 in its letter and spirit. Is it because the Act was not allowed to be enforced in the then Assam and even later by the Central Government? Had the Act been faithfully enforced, the NER would not have suffered the onslaught of immigration resulting into all sorts of regional grievances. Hence the Central Government cannot escape from bearing full responsibility for all the ills that have afflicted the NER today since Independence.

As if to add fuel to the fire, the Illegal Migration Determination Tribunal (IMTD) Act was passed by Parliament in 1983. The IMTD Act is illegal in the sense that it cannot override the provisions of the Foreigners Act 1946. Therefore it could not solve the long-standing problem of immigration. It had instead increased insurgency, militancy, extremism and crimes. The solution of all these problems lies in the strict enforcement of the Foreigners Act 1946 however late it may be, now that the IMTD Act was revoked by the Supreme Court. One could cite many other instances of the laxity of the civil administration in the then composite state of Assam in so far as enforcement of the existing laws was concerned.

As a matter of fact, there were significant elements of development administration in the old colonial type law and order administration. The state-sponsored irrigation works and famine relief organizations were on a systematic basis, part and parcel of the old administration system. Even the system of public distribution and price control for essential commodities had been strongly built in the Second World War period. There were a few state-run enterprises too. But the Indian administration could not take off easily and speedily from where it was at the time of Independence, and flower into the kind of administration that India including the NER, needs today for the expanding and difficult tasks that are to be faced.

But an attempt sometimes to distinguish categorically development administration from the old type law and order administration would be misleading. The administrative change proposed need not be one where the old functions are given up, but one in which a large number of new functions are added and which dominate administrative functioning. At best a couple of differences between the two should be stressed. First, development administration has to be oriented towards achievement of specific results. Then the necessity to introduce in development administration, the scientific methods of data collection and analysis, and the nature of accountability of administration, will be another significant difference between the two.

It appears that transformation of administration in India is one of the most difficult operations. After the peaceful transfer of power to Indian hands and as already stated, the new rulers found that there was already a running administrative machine which had some acquaintance with development functions, and was better in many respects than what one would find practically anywhere in the developing world. Hence they supported the maintenance and strengthening of the administrative system that was inherited from the British. Even Pandit Nehru and Sardar Patel, India's first Prime Minister and Deputy Prime Minister respectively, supported the maintenance and strengthening of the existing administrative structure, although the former had in pre-1947 days, frequently expressed dissatisfaction with the old administrative system, and would like to support reforms in administration as recommended by his foreign advisers.

Many recommendations of the foreign experts like the creation of a well-organized planning machinery, the creation of the O&M units, and the establishment of an Institute of Public Administration, were accepted, but hardly any thought was given to their more basic reform recommendations. Nobody bothered about creating information and data systems (until recently), which would lend creditability and operational effectiveness to the plans that were formulated. At least the institutions set up for administrative changes themselves should be freed from the nightmare of the old-fashioned administration. Unfortunately, even the first Administrative Reform Commission (ARC) constituted in 1966 was organized without adequate vision and imagination, and had functioned in a manner, which could provide little dynamic leadership for reform. Further, the worse part of it is that even such of its recommendations as were really useful, were processed for implementation through the normal administrative system and by persons who were wedded, by and large, to the old approach.

Despite the fact that the first ARC had produced a score of reports on very important problems, the Parliament had hardly found time

to discuss them. This is an adequate commentary on the interest of legislatures in this most important matter. The Union Cabinet, which set up the Commission to make recommendations for wholesale and basic reforms had approved of a procedure for processing the reports under which the scrutiny would follow the usual bureaucratic channels. The ministers and other politicians operate as if this is something that does not really concern them. This inadequate interest shown by political leaders is probably the single most important reason why all efforts at administrative reform have failed so far. The first ARC submitted its final reports in 1970 with several momentous recommendations on various aspects and sectors of the government ranging from the Prime Minister's Office to improvement in the relationships between the States' Secretariats and the Directorates. It had made wide-ranging and detailed recommendations on its report on personnel administration and management.

While we were still wondering how the possible impacts that the far-reaching recommendations of the first ARC might have made in various sectors of the government, the second ARC was appointed by the President of India on the 31st of August 2005 with Shri M. Veerappa Moily as the Chairman, and five others as members, for revamping public administration. The Commission was asked to suggest measures to achieve a proactive, responsive, accountable, sustainable and efficient government. It has a long list of items being included in its Terms of Reference. And, the Commission was required to furnish its reports to the government within one year of its constitution. Though two years have almost elapsed yet the 2nd ARC has so far submitted five reports on only five out of 13 items included in the specific terms of reference. It must be noted that more than 70 reports were already published since 1812 by the various administrative commissions and committees in the country.

The Approach Paper of the second ARC titled *Reforms in Governance and Administration* opens with the words of Kofi Annan, the previous UN Secretary General who said, "Good

governance is perhaps the single most important factor in eradicating poverty and promoting development.” The Tenth Five Year Plan which came to an end on the 31 March 2007 also identified “good governance” as the single most important factor in ensuring that the Plan objectives are achieved. It is clear from the Approach Paper that the main theme of the 2nd ARC is “Reforms in Governance and Administration.” The series of political, economic and administrative reforms initiated over the past few years must be backed up by good governance. “Without good governance, no amount of developmental schemes can bring in improvements in the quality of life of the citizens Poor governance generates and reinforces poverty and subverts efforts to reduce it,” says the Approach Paper. Shri R. Venkataraman, former President of India said, while delivering his lecture on ‘Governance in India—Today and Tomorrow,’ organized by the Indian Institute of Public Administration (IIPA), “national prosperity is the index of a good governance.” Where is the national prosperity? In spite of the progress made, more than 30 percent of the people are still living below poverty line in our country, and again more than 30 percent comprises the poor middle income group of people.

Shri Moily, the present Chairman of the second ARC, in a lecture organized by the same Institute, stated, “Hierarchy should be dismantled in Civil Service.” Hierarchy is the principle of administrative organization which has continuously drawn the attention of many administrative reform committees and commissions set up in many modern democracies for the many roadblocks that it has unnecessarily created in the services delivery system, which prevents the emergence of good governance in a country like India. Our country has experienced this problem which still lingers even today after 60 years of Independence. But at the same time Shri Moily believed that good governance is still possible despite many roadblocks because the *Right to Information Act* is now in place. He was confident that the RTI Act will be certainly the

lifeblood of democracy in our country, and that it will bring in accountability and transparency in government services by creating new mindsets among both the new and the old civil servants. He reminded that impartiality, responsiveness and accountability should be the bedrock of the Civil Service.

But Shri Moily's belief and confidence in the RTI Act cannot help root out corrupt members of the bureaucracy. *Good governance in India requires a competent, efficient, very honest and disciplined machine known as the Civil Service.* The only leader who understood the importance and essentiality of the All India Service was Sardar Patel. He saw the importance of organizing the Civil Service on an All India basis with the Central Government having a considerable say in the recruitment, training and career of its members, as a counter-balance to the emergence of the centrifugal forces that had repeatedly torn apart the political unity of the country. These proposals were strongly opposed by the Chief Ministers of the States who wanted no interference with their authority and wished, even as they do now, to have pliable officials who could be manipulated more easily than members of the All India Services. In his speech to the Constituent Assembly he said, "You will not have a united India if you do not have a good All India Service which has independence to speak out its advice."

Patel succeeded in forcing his proposals and all the Articles designed to ensure independence and security of the services and to prevent any political interference with them, to find a place in the Indian Constitution. *But he forgot about placing any limit on the Chief Ministers' power to transfer officers.* Pandit Nehru was soon converted to the Sardar's point of view and during his long tenure of office as the first Prime Minister of the country, no politician dared to interfere with the functioning of the services or bully them into breaking the law. For the first quarter of a century of India's Independence, the All India Services continued to function efficiently as they did during the British period.

But there had been one revolutionary change in the mean time. The newly independent country of India adopted a planned economic system with a new industrial policy that gave power to the Government to nationalize not only the commanding heights of the economy as Pandit Nehru wanted, but also of anything that any minister, Central or State, desired. The industry that was left in private hands was so strictly controlled that virtually nothing could be done without government sanction. The license-quota-permit Raj started and when a senior minister of the Union Government began selling these across the table, *corruption* started to become a way of life. But B. K. Nehru, a distinguished former Civil Servant, a Governor of a State and also a former Indian Ambassador to the USA, remarked, "Be it said to the 90 years old tradition of the Indian Civil Service that it did not, for a long time, in spite of their salaries having become meagre, become parties to this dishonesty. Corruption descended to the Civil Services from the top and did not do so till it had thoroughly soaked the political world."

B.K. Nehru believed that till about the end of the 1970s there was hardly any member of the IAS who was dishonest or corrupt, but by the end of the 1990s he gathered that over half of the IAS had joined the 80 percent of the politicians in corrupt practices. We had already witnessed the sort of a casual approach to the issue of corruption in India that had led ultimately to the near collapse of the economy at the beginning of the 1990s, forcing the country to take a bold step to adopt a new economic reform policy in 1991.

It is pertinent here to look at the findings of two eminent personalities—one a renowned Indian administrator, and another, a great international economist and Nobel laureate. Dr. P. C. Alexander, the former Governor of Maharashtra, in his lecture organized by the I.I.P.A., said that democracy has failed in India because we have not tried democracy as the founding fathers intended. He identified four areas where our democracy has failed: (i) poverty eradication, (ii) securing the objective of equality, (iii)

development of a healthy party system, and (iv) eliminating corruption. Speaking of corruption, Dr. Alexander observed that corruption has been pervading since independence in bureaucracy, and without its elimination there cannot be a true democracy.

Late Gunnar Myrdal, the Nobel laureate in Economics, had identified five causes for the failure of developing countries, including India, in achieving real progress. These are: (i) Lack of social discipline, (ii) deficiencies in law enforcement and law observance, (iii) lack of obedience to rules and directions, (iv) collusion between the officials who are responsible for implementing the policies and programmes, and (v) Corruption. So, 'corruption' has been the most common disease that afflicts Indian governance and administration today.

REMEDIES TO THE PROBLEM

The question is how to combat the spreading cancer of corruption and eradicate this scourge. There are a number of possible remedies depending on the political will. *First*, the political corruption and criminality have to be eradicated as demanded by the Lok Sevak Sangh Satyagrahis and the people at large, by the appointment of the long-needed *Lok Pal*. The Lok Pal Bill has been awaiting Parliamentary enactment since 1977. The second ARC in its 4th Report submitted so far and dealing with *Ethics in Governance* has recommended the setting up of the long-awaited Rashtriya *Lokayukta* at the Centre and in the States by excluding the Prime Minister from its jurisdiction in spite of the present PM Manmohan Singh's view that the PM should also come under its purview. Prime Ministers and Presidents in many countries of the world have resigned at the hint of a scandal. Like the institution of *Ombudsman*, which has become a standard/part of government machinery the world over, the Lokayukta will go a long way in curbing the root causes of what creates corruption in the Indian system of governance. India has been rated among the ten most corrupt countries in the world. This is a sad commentary

on India, the largest democracy in the world. Still the country has failed to decide on the appointment of a Lokayukta during the long period of 30 years.

Another vital recommendation of the second ARC made in its 4th Report, that deserves urgent attention of the Union Government, is for the abolition of the MP and MLA Local Area Development Scheme (MP/MLA LADS). The Scheme has become one of the recent and new causes of naked corruption in the N.E. states. Under the scheme the legislators (MPs and MLAs) are empowered to sanction public durable works and authorize expenditure of funds through the District Magistrate. Several constitutional experts and legal luminaries have pointed out the unconstitutionality of these schemes. The bureaucracy has either been made to become the tool and rubber stamp or to connive at looting public money in collusion with the political wrongdoers in these schemes. Therefore the sooner these schemes are abolished, the better for ensuring good governance in the Region.

Secondly, if the Union Government is dead serious, it could please the people of India by getting the *Corrupt Public Servants (Forfeiture of Property) Bill* (drafted by the *Law Commission of India*) in 1999, enacted by the Parliament. The then Chief Vigilance Commissioner (CVC) N. Vittal had strongly pleaded that this Bill should be enacted to reduce corruption in the Indian administrative system. The Gandhian Satyagrahis made a similar demand. The corrupt tend to flourish and to protect one another. Even if a corrupt person is found out and punished, he/she continues to keep his/her ill-gotten wealth. This happens because corruption is a low-risk-high-profit business. The only way to increase the risk is to enact the above noted Bill as drafted by the Law Commission. If such a Bill is enacted it should be possible to bring the culprits to book and make corruption in our country a high-risk activity, which automatically will ensure that there is less corruption.

Thirdly, as demanded by the Gandhian Satyagrahis and as desired by the people at large, the recommendation of the Election

Commission of India for disqualification of candidates, with corrupt and criminal antecedents for contesting elections to Parliament and State Legislatures, has to be implemented without further delay if the Union Government is really serious to root out corruption from the top.

Fourthly, both the Union and States Councils of Ministers should respect the *Code of Conduct* by declaring their assets and liabilities to prove their honesty, transparency and accountability. Those who do not file returns of their family assets and liabilities and business interests, do not deserve to remain as ministers, and every party in a coalition government should insist on their ministers to abide by the Code of Conduct to prove to the world that India upholds ethics in governance and administration.

Finally, it should be pointed out that the second ARC had also recommended many constitutional amendments to put an end to corruption that is not only an ethical issue but is also hindering and seriously hurting social services which are critical to the poor. Besides, the proposals made by the former CVC are required to be accepted and implemented by the Union Government with a view to reducing corruption and improving the level of ethics in our country's administrative system. The proposals of the CVC includes: (i) enforcement of the Benami Transaction Act, 1988, (ii) Enforcement of the Prevention of Money Laundering Act, 2002, and (iii) Amending the Income Tax Act on the principle of zero exemption.

The CVC, now a statutory body, could have easily initiated steps and actions under the Prevention of Corruption Act, 1988, in collaboration with the CBI, in order to root out corruption and bring up the level of ethics in the country's governance and administration. The focus and objective of the CVC should have been against the people at the highest levels. Unless the people at the highest levels are brought to book, the common man and the people at large will always think that the whole administrative system in our

country is nothing but a kind of spider's web. The small and weak insects and flies may be caught but a real big bumble bee can just burst through the web.

CONCLUSION

To sum up, it must be said that administrative reform is one of the most crucial requirements for the success of development efforts. But unless corruption is rooted out by enacting suitable laws and amending and implementing the existing relevant laws as suggested in the remedial measures enumerated in the foregoing, even the reform measures in administration are not going to help. Again, unless the leaders of planned development realize the importance of administrative reforms and make sure that the necessary administrative transformation is brought about, it is not likely that the development policies and programmes would work to their desired results. It is very necessary to make sure that whenever a new policy or project or programme is taken up, its administrative implications are worked out and the necessary preparations made, just as provision is made for ensuring the supply of physical inputs like capital and labour.

In conclusion, it must also be stated that corruption in the NER today is naked, unabashed and brazen. With every passing year, the barometer of corruption and immorality has steadily risen. The people of the Region have yet to realize that it is too exorbitant a price that one has to pay for democracy! The large Union funding to the states in the Region with State control over expenditure, could easily erode accountability leading to large scale corruption. Therefore with the ever increasing Union funding extended to the North Eastern States, it is time that an effective administrative mechanism needs to be carefully designed and put in place to protect public money, guarantee intended outcomes, and enforce accountability.

Note:

1. The author has presented this paper in the Valedictory session of the Symposium.