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A seven point agenda to fix India's public services, and overcome poorly designed systems

India's Achilles Heel

Failure to Deliver Public Services

*India's Achilles Heel remains its inability to deliver public services. Without a solution to this critical weakness India's aspiration to be a global economic power will remain unrealised. Why is this problem so particularly acute in India only? Is it political interference and corruption, or is it poorly designed programmes and weak administration or is it a much deeper cultural problem of aversion to collective action, often ascribed to individualistic iconoclastic Hinduism, argues **Ajay Chhibber****.

This Issue Note proposes a seven point agenda to fix India's public services, and overcome poorly designed systems.

In a TV programme *Quest Means Business* the question bluntly raised is "Can India Deliver?" India's inability to deliver was on full global display at the Commonwealth Games, where all the ingredients of poor delivery, political interference and corruption and uncoordinated administration were in the mix. China's ability to deliver at the Olympic Games was a striking contrast to India's shambolic performance.

But India has shown it can deliver on a mega scale when the collective goal is shared. India's elections, called "an undocumented wonder" by the former Chief Election Commissioner SY Quraishi are currently on display as over 800 million voters go to the polls over a six-week period in a largely error free collective action with a coordinated administration and without political interference.

The *Kumbh Mela* in which over 100 million devotees are provided food, water, shelter, law and order and sanitary facilities over a 30-day period at one of Hinduism's four major holy sites every three years has been described as the "world's largest peaceful gathering" – dismissing Hinduism's individualistic ethos as a credible explanation for India's lack of collective action on basic public services. The event is administered by an NGO and the government provides key public services for the event year after year with no major incident.

India has also successfully handled several major natural catastrophes in the last 20 years without any international assistance and has in return provided help to neighbours to help them deal with their disasters. India

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has also tackled several important diseases – polio, HIV, malaria quite successfully when the target was well publicised and clear.

So why can India deliver on these events – elections, *melas*, disaster response – at world class level – but yet fails to deliver basic health, education, water, electricity, roads to a large part of its population. Almost 72 percent of rural households surveyed in seven empowered action group (EAG) states in 2011 (not including Uttarkhand) were not aware of India’s largest flagship programme entitled Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

The typical district administrator does not even know how many programmes are being implemented in his/her assigned district. Hence, one solution is to reduce the number of programmes to at most 10.

Only around 15 percent of households reported having a tap in or around their house. Almost 72 percent were consuming contaminated water with bacteria (fecal coliform test) but were not even aware as 72 percent respondents expressed satisfaction with water quality. 88 percent said they defecate in the open and of those with toilets only 49 percent were using them. 42 percent of births took place at home not in a health centre.

These are the findings in People’s Assessment of Health, Education and Livelihoods (*Paheli*) carried out by Pratham/ASER in partnership with several UN agencies. The situation is better in some of the southern states and in Maharashtra where health systems work better but even so need further improvement.

HOW CAN WE FIX INDIA’S ACHILLES HEEL IN PUBLIC SERVICE DELIVERY?

1. Reduce the Number of Programmes

India spends over ₹200,000 crores (over US\$30bn) every year on over 100 national flagship programmes, designed to deliver a range of public services. Of these the 10 largest (see table below) take up almost 90 percent of the resources which means that there are many small programmes which soak up scarce administrative capacity and are poorly delivered. These programmes are designed in central ministries but are delivered in states and in districts and blocks. The typical

| Largest 10 Programmes in Terms of Outlay for 2013-14 | |
|------------------------------------------------------|------------|
| MGNREGA | ₹33,000 cr |
| Sarva Shiksha Abhiyan | ₹27,258 cr |
| Pradhan Mantri Gram Sadak Yojana | ₹21,700 cr |
| National Health Mission | ₹21,239 cr |
| Integrated Child Development Scheme (ICDS) | ₹17,700 cr |
| Indira Awas Yojana | ₹15,184 cr |
| JNN Urban Renewal Mission | ₹14,873 cr |
| Mid-day Meal Programme | ₹13,215 cr |
| National Rural Drinking Water Programme | ₹11,000 cr |
| Rajiv Gandhi Grameen Viduyutikaran Yojana | ₹4,500 cr |

district administrator does not even know how many programmes are being implemented in his/her assigned district let alone know how well they are delivering. The typical administrator does not last long enough in a district to bring about any improvements even if they were inclined to do so.

Every Ministry wants to have a national flagship programme, for example, when the Ministry of Urban Poverty Alleviation was created out of the Ministry of Urban Development – the Rajiv Gandhi Awas Yojana was created out of the Jawahar Lal Nehru National Urban Renewal Mission (JNNURM). Some like the Ministry of Rural Development manage several rural flagship programmes with very little connection between them. Hence, one solution is to reduce the number of programmes to at most 10.

2. Provide Clearer Objectives and Focus on Outcomes

One lesson from successful programmes is clarity and simplicity in objectives. The election commission wants to deliver an error free election, the *Kumbh Mela* committee a peaceful gathering. When administrative capacity is limited “keeping it simple” should be the motto. In contrast the MGNREGA – the largest rural programme – has at least seven objectives – guaranteed employment, better livelihood and poverty reduction, providing a social safety net, empowerment of women and SC/ST, improving local administration, deepening democracy and drought management. There is no clear metric on any of these objectives so it’s almost impossible to evaluate its success.

In a further amendment MGNREGA work is now allowed to meet objectives of *Indira Awas Yojana* or the *Bharat Nirman* programme which is good for completion of those programmes but it does risk diluting the objectives of MGNREGA itself.

The JNNURM – the largest urban programme – also has no clear goals but a dispersed set of nice sounding but unclear objectives such as focussed attention to infrastructure for integrated development, make efficient and improve capabilities of cities by sector, planned development of identified cities including peri-urban areas, urban corridors and out growths, scale up civic amenities and utilities to provide universal access to the poor and urban renewal for old cities to reduce congestion. It is not surprising that both programmes named after two of India’s greatest icons struggled to achieve clear results.

The focus should also be on value for money rather than on the volume of expenditures. The Koreans educated their citizens not just by building more schools but also by using the same school facilities in three shifts – including at night. In India spending on education and enrollment has increased substantially – but learning outcomes have deteriorated as shown by the ASER survey. In the EAG states, only 28 percent of schools met the PTR norm for the Right to Education. Only 32 percent of Std III children and just over 50 percent of Std V children could read a Std I level para.

The accountability of programmes must be on outcomes – not on money spent.

It is not surprising that both programmes – MGNREGA and JNNURM – named after two of India’s greatest icons struggled to achieve clear results. The accountability of these programmes must be on outcomes – not on money spent.

The central programmes are designed with a very rigid blueprint leaving very little flexibility at implementation. Support to states to build capacity to deliver along with more flexibility is needed to ensure better delivery.

3. Build More Flexibility in Programmes and Help Build State Capacity to Deliver

The central programmes are designed with a very rigid blueprint leaving very little flexibility at implementation. So states as diverse as Nagaland, Kerala and Madhya Pradesh get the same template in programme after programme. Central ministries claim their programmes are well designed but states don't implement them well. Some states – Andhra, Tamil Nadu, Kerala, Maharashtra, Gujarat implement most schemes well but others such as Assam, UP, Rajasthan implement most schemes badly with others in between. The variation is not across programmes but across states and within states across districts.

Some states do not even appear to have the capacity to fully utilise funds allocated under various schemes. Jharkhand's utilisation rate is only on average 60 percent, which means it does not utilise 40 percent of the allocated funds. Some states focus more on certain programmes. Chattisgarh, for example puts heavy emphasis on delivering the public distribution system (PDS) but lags in delivery of other schemes. Support to states to build capacity to deliver along with more flexibility is needed to ensure better delivery.

4. Delegate Spending and Accountability to Lower Levels

Accountability with spending lies with the Centre or the state so local administrators and local bodies have little say in implementation. Teachers are chosen and paid by the state so that local officials can do little when teacher absenteeism is rampant. Kerala has shown that providing local *Sarpanch* some say in teacher performance improves teacher absenteeism hugely. Bihar allowed *Sarpanch* to hire low cost para teachers which has improved schooling outcomes. District officials say they dare not change the implementation rules as they are subject to audits which follow the central blueprint.

The Planning Commission officials claim the newer programmes do allow greater flexibility where the focus is on outcomes and states are allowed to present their ideas on achieving them – but the bulk of the funding in flagship programmes still follows a top down approach.

The rigid manner in which schemes allocate funds does not help. As the Accountability Initiative of the Centre for Policy Research shows when schools need toilets they are assigned money for boundary walls. Moreover, the discretion to reallocate funds does not exist. Funds also are delayed so that by the time they do come there is little time to spend them – so typically they are spent quickly on whatever is easy to complete like repainting the walls and making some money in the contracts.

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Government programmes, if properly designed and monitored, would reduce the cost of delivery and improve performance.

5. Allow NGOs to Implement Government Programmes and Outsource Functions to Private Sector

Schemes implemented by well-known NGOs often work much better than government programmes in the same area and with similar objectives. *Seva Mandir*, a dedicated NGO in Udaipur, has very successful pre-school, school, water supply and toilet programmes in the same area where government ICDS, *Sarva Shiksha Abhiyan*, toilet programmes are a disaster. What distinguishes these is the time good NGOs take to bring the community on board and take ownership of their projects whereas government programmes have no local ownership and are viewed as corrupt top down schemes.

Of course not all NGO schemes are genuine and many local officials set up pseudo NGOs to access government and donor funds. But by now locals know who works for them and who is there to siphon off the funds. The IBIN programme which was started recently is an idea worth strengthening and expanding.

Many components of government programmes can be outsourced to private, commercial contractors on a competitive basis. If properly designed and monitored these would reduce the cost of delivery and improve performance. E-governance with on line tracking should be introduced wherever possible to increase transparency and reduce corruption. The entire machinery of government should be shifted out of the existing arcane colonial era files to electronic tracking and approvals, with time-bound approvals.

6. Reform the Planning Commission

A symbol of old style top down planning but with very little focus on implementation remains the Planning Commission. The Planning Commission as currently setup was designed for a different era, when the government was the main driver of growth. It is the mechanism by which the Centre directs state development plans and controls the flow of plan expenditure to the states.

But with changing times, the Planning Commission has not changed its functioning and is now seen an obstacle to progress by government departments and states rather than a thought leader and driver of development. States are increasingly keen to have their own approach to development with less interference from the Planning Commission. Government departments do not feel the Planning Commission has the cutting edge knowledge of new ideas.

Yet interdepartmental themes such as climate change, health systems, connectivity, air and water quality, skills development need new and coordinated approaches. With a more market-based economy India does not need old soviet style planning but more radar like indicative planning,

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integrated systems reforms and a development solutions exchange. The distinction between plan and non-plan expenditures can be done away with and the entire allocation to states can be done by the Finance Commission and the Finance Ministry.

The new organisation should then focus on three functions: a) a solution exchange for what is working in different aspects of development in different states and districts and in other parts of the world; b) a generator of ideas for integrated systems reform; and c) long range radar system for new and emerging challenges. Such a new organisation could be called a Reform and Solutions Commission. A new organisation with such features is needed for the 21st century India. The old Planning Commission is a hindrance to better delivery.

7. Consolidate Central Ministry's and Departments and Commercialise/Privatise Infrastructure and Mining

Lack of coordination is another major problem in better service delivery – the railways and ports are not coordinated so delivery is delayed, coal is not supplied to power plants so power generation capacity is underutilised. India does not have a unified transport ministry – it has a separate ministry for railways, roads, aviation and shipping. India does not have a unified ministry for energy – it has a separate ministry for power, petroleum, coal and renewable energy. It has surprisingly two ministry's for urban issues each fighting for turf.

India needs to find ways to consolidate ministry's or create more institutionalised coordination mechanisms – other than the *ad-hoc* Empowered Group of Ministers (EGoM) which did not work well. Japan has a constitutional restriction of 25 ministries. If a new ministry has to be added one has to be dropped. Indonesia, which has a Presidential system, has created the concept of a coordinating minister – typically of the rank of a deputy prime minister – who coordinates economic affairs, infrastructure, agriculture and rural development etc. Such institutionalised mechanisms are needed instead of *ad-hoc* attempts at coordination.

Some of the delivery issues would best be handled by creating commercialised entities to handle transport, mining and infrastructure activities, so that their dealings with each other are handled through commercial contracts – adjudicated through regulators rather than as bureaucratic transactions subject to inordinate delays.

Better service delivery is not rocket science – we need to shift the focus away from how much we spend to what produces better outcomes and results. We need to shift from grand schemes to evidence based policies and programmes and to incentives that drive accountability and learning. We need to devolve decisions to local levels and tailor programmes to local conditions. If we get this right we can deliver public services to improve people's lives and make India a great economic power.

Better service delivery is not rocket science – we need to shift the focus away from how much we spend to what produces better outcomes and results.

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