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**ORGANISATIONAL STRUCTURE  
OF GOVERNMENT OF INDIA**

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## **ORGANISATIONAL STRUCTURE OF GOVERNMENT OF INDIA**

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# ORGANISATIONAL STRUCTURE OF GOVERNMENT OF INDIA

## Introduction

In the present ARC Report, the structure of the Government of India is analyzed and recommendations for reforming the structure is presented since the the creation of a pro-active, efficient and flexible organizational framework is closely linked with the sustainability of the other governance related reforms.

The following aspects the Organizational Structure of the GoI have been looked into -

1. Reorganization of Ministries and Departments
  - a. Revisiting and redefining the role of the Ministries and Departments in the context of evolving role of governance and need for greater collaboration.
2. Manpower planning and Process re-engineering.
3. Ways to position the administrative services in the modern context of global integration, emergence of markets and liberalisation.
4. Examine if the present system of governance is optimally suited to the environment of the times
  - a. Suggest a framework for possible areas where there is need for governmental regulation (regulators) and those where it should be reduced.
  - b. Strengthen the framework for efficient, economical, sensitive, clean, objective and agile administrative machinery.

Most of the structures existing in the government are based on the Weberian model of division of work i.e. a well defined hierarchy, adherence to rules and, by and large, impersonal functioning. These organizational structures are more suited to command and control functions and less so when it comes to developmental, promotional and facilitative functions of the State. India's position on various key human development and economic parameters remains well below desired levels. In a way this unsatisfactory position is a reflection of the structure and functioning of governmental organizations.

These structures now need to be redesigned in order to make our governance apparatus an instrument of service to the people as well as a tool to achieve national objectives in the fields of social and economic development.

## Reorganising Government - International Experiences

### Background

Public administration in India faces immense challenges. These include the need to maintain peace and harmony, to alleviate deep poverty, to sustain a healthy and inclusive economic growth, to ensure social justice and to achieve ethical, efficient, transparent and participative governance. The magnitude of these challenges is evident from India's ranking on various parameters such as: HDI; Global Corruption Perception Index, etc.

### INDIA'S RANKING ON KEY PARAMETERS

#### *UN HUMAN DEVELOPMENT REPORT, 2015*

India ranks 130th in Human Development Index

#### *WB DOING BUSINESS REPORT, 2015*

India ranks 130th in ease of doing business

#### *WEF GLOBAL COMPETITIVENESS REPORT, 2015*

With its inadequate infrastructure, inefficient bureaucracy and tight labor laws, India at 55th position, is no match for China.

#### *GLOBAL CORRUPTION PERCEPTION INDEX, 2016*

India at rank 76 out of 168 countries in its latest Corruption Perception Index

#### *UNIDO REPORT, 2016*

UNIDO in its report has placed India at 6th among the world's top 10 largest manufacturing countries.

#### *INDEX OF ECONOMIC FREEDOM, 2016*

India was ranked 123rd in 2016 Index of Economic Freedom released by US think-tank Heritage Foundation

The sort of public administration needed to escalate the growth rate may not necessarily be the one that tackles deep poverty, seeks to remove inequality, tackles corruption, fights criminalization of politics, or ensures speedy justice. It is unlikely that a single design of the administrative machinery will fill all bills. One needs to be bold and innovative in designing special purpose instrumentalities, some of which may apparently be inconsistent with one another. For instance, further de-regulation may be required to foster economic growth, and the State may need to withdraw from some of the commercial activities that it is currently engaged in. At the same time, the State may need to devise measures to more effectively regulate certain sectors while pumping more money to improve the infrastructure, alleviate poverty and remove inequalities. Some de-regulation can reduce corruption, but other regulations may have to be put into place to fight corruption.

#### **Steps taken since independence**

India has taken several significant initiatives to improve the quality of governance. These include the 73rd and the 74th Constitutional Amendments which aimed to empower the local bodies, the 97th Constitutional Amendment which limited the size of the Council of Ministers, the new Value Added Tax regime and the Right to Information Act etc. These indicate that our political system is responding to the growing challenges of governance.

#### **Current Challenges**

However, a lot more remains to be done. There is increasing lawlessness in several pockets of the country, and armed groups are resorting to violence with impunity for sectarian or ideological reasons. The State apparatus is generally perceived to be largely inefficient, with many functionaries playing a passive (and safe) role. The bureaucracy is generally seen to be tardy, inefficient, and unresponsive. Corruption is all-pervasive, eating into the vitals of our system, undermining economic growth, distorting competition, and disproportionately hurting the poor and marginalized citizens. Criminalization of politics continues unchecked, with money and muscle power playing a large role in elections. In general, there is high degree of volatility in society on account of poor implementation of laws and programmes and poor delivery of public services leading to unfulfilled expectations.

## Objectives of Reorganizing Structures of Government

Fulfillment of the human potential and rapid growth are the two fundamental objectives of public administration. The 'non-negotiable' role of the State lies in four broad areas:

1. Public order, justice and rule of law.
2. Human development through access to good quality education and healthcare to every citizen.
3. Infrastructure and sustained natural resource development.
4. Social security, especially for the unorganized sector workers.

Propensity to centralize has been the dominant feature of our administration. We need to truly redesign government on the basis of the principle of subsidiarity. A task which can be performed by a small, lower unit should never be entrusted to a large, higher unit.

## Link between Governance and Growth

Countries need the forms of governance that facilitate high growth rate as well as improved quality of life and equity. The policy structure for high growth rate, equity, and rising quality of life for the people of emerging market economies, especially those that are disadvantaged, would include liberalization and democratization, a vibrant private sector, a strong but well-managed developmental and poverty alleviation thrust by the State plus good governance.

## World Bank's Recommendations for Improving Governance Capacity

Concerned about the failures of public administration in many States, especially poor developmental States, the World Bank came out with a number of prescriptions for increasing governance capacity:

There should be a two-part strategy for increasing the effectiveness of the State.

1. Part one requires narrowing the gap between the demands on a State and its capabilities to meet these demands, through greater selectivity in the State's priorities.
2. The State should concentrate on the priorities and offload the rest to the civil society and the private sector. Part two requires increase in the capability of the State to manage collective actions efficiently by recharging public institutions.

## Global Lessons

While there is no uniform formula or template for successful reform, the following are some of the lessons that could be drawn from the experience in other countries -

1. Political Commitment
2. Focusing on the Core Functions of Government: Right-sizing, Outsourcing
3. Competition in Delivery of Public Services - Dismantling Monopolies
4. Agencification
5. Decentralization, Delegation and Devolution
6. Public-Private Partnerships
7. Process Simplification - Deregulation
8. Strengthening Accountability Mechanisms

9. e-Governance
10. Performance Management System (PMS)
11. Empowering the Citizen-customer
12. Promotion and Diffusion of Good Governance Practices
13. Policy Evaluation and Regulatory Impact Assessment
14. Benchmarking for Continuous Improvement
15. Governance Indices

### Existing Structure of Government of India

The Constitution has provided an elaborate framework for the governance system in India. Part V, Chapter 1 deals with the Union Executive, Chapter II deals with the Parliament and Chapter IV deals with the Union Judiciary. The Executive Power of the Union vests in the President and is exercised by him either directly or through officers subordinate to him in accordance with the Constitution (Article 53). Article 74 provides that there shall be a Council of Ministers with the Prime Minister as the Head to aid and advise the President, who shall, in the exercise of these functions, act in accordance with such advice. Article 75 provides that the Prime Minister shall be appointed by the President and the other Ministers shall be appointed by the President on the advice of the Prime Minister. Article 77 provides for the Conduct of Government Business.

Exercising powers vested by virtue of Article 77, the President has made the "The Government of India (Allocation of Business) Rules". The Rules stipulate that the business of the Government of India shall be transacted in the Ministries, Departments, Secretariats and Offices.

The Rules provide that all business allotted to a Department shall be disposed of by, or under general or special directions of, the Minister-in-charge, subject to certain limitations where consultation is required with other departments or where cases have to be submitted to the Prime Minister, the Cabinet and its Committees or the President. These Rules also provide for the constitution of the Standing Committees of the Cabinet and each Standing Committee shall consist of such Ministers as the Prime Minister may, from time to time, specify.

The Rules also provide for appointment of ad hoc Committees of Ministers for investigating and reporting to the Cabinet, and, if so authorized, for taking decisions on such matters. The Rules also stipulate that it shall be the responsibility of the Departmental Secretary, who shall be the administrative head thereof, to ensure observance of these Rules in the Department.

### The Structure of a Department

- A department is responsible for formulation of policies of the government in relation to business allocated to it and also for the execution and review of those policies.
- For the efficient disposal of business allotted to it, a department is divided into wings, divisions, branches and sections.
- A department is normally headed by a secretary to the Government of India who acts as the administrative head of the department and principal adviser of the Minister on all matters of policy and administration within the department.
- The work in a department is normally divided into wings with a Special Secretary/Additional Secretary/Joint Secretary in charge of each wing. Such a functionary is normally vested with the maximum measure

of independent functioning and responsibility in respect of the business falling within his wing subject, to the overall responsibility of the Secretary for the administration of the department as a whole.

- A wing normally comprises a number of divisions each functioning under the charge of an officer of the level of Director/Joint Director/Deputy Secretary.
- A division may have several branches each under the charge of an Under Secretary or equivalent officer.
- A section is generally the lowest organizational unit in a department with a well-defined area of work. It normally consists of assistants and clerks supervised by a Section Officer. Initial handling of cases (including noting and drafting) is generally done by, assistants and clerks who are also known as the dealing hands.
- While the above represents the commonly adopted pattern of organization of a department, there are certain variations, the most notable among them being the desk officer system. In this system the work of a department at the lowest level is organised into distinct functional desks each manned by two desk functionaries of appropriate ranks e.g. Under Secretary or Section Officer. Each desk functionary handles the cases himself and is provided adequate stenographic and clerical assistance."

**Each Department may have one or more attached or subordinate offices. The role of these offices are:**

#### **Attached and Subordinate offices -**

- (1) Where the execution of the policies of the government requires decentralization of executive action and/or direction, a department may have under it executive agencies called 'Attached' and 'Subordinate' offices.
- (2) Attached offices are generally responsible for providing executive direction required in the implementation of the policies laid down by the department to which they are attached. They also serve as repository of technical information and advise the department on technical aspects of question dealt with by them.
- (3) Subordinate offices generally function as field establishments or as agencies responsible for the detailed execution of the policies of government. They function under the direction of an attached office, or where the volume of executive direction involved is not considerable, directly under a department. In the latter case, they assist the departments concerned in handling technical matters in their respective fields of specialization."

**Besides, the attached and subordinate offices there are a large number of organizations which carry out different functions assigned to them. These may be categorized as follows:**

1. **Constitutional Bodies:** Such bodies which are constituted under the provisions of the Constitution of India.
2. **Statutory Bodies:** Such bodies which are established under the statute or an Act of Parliament.
3. **Autonomous Bodies:** Such bodies which are established by the Government to discharge the activities which are related to governmental functions. Although such bodies are given autonomy to discharge their functions in accordance with the Memorandum of Associations etc., but the Government's control exists since these are funded by the Government of India.
4. **Public Sector Undertakings:** Public Sector Undertaking is that part of the industry which is controlled fully or partly by the Government. These undertakings have been set up in the form of companies or corporations in which the shares are held by the President or his nominees and which are managed by Board of Directors which includes officials and non-officials."



## Strengths and Weaknesses of The Existing Structure

The existing structure of the Government of India has evolved over a long period. It has certain inherent strengths which have helped it stand the test of time. However, there are weaknesses also which render the system slow, cumbersome and unresponsive.

### Strengths

#### *a. Time Tested System - adherence to rules and established norms:*

The Government of India has evolved an elaborate structure, rules and procedures for carrying out its functions which have contributed to nation building and the creation of an inclusive state. These have ensured stability both during crises as well as normal times. At the same time, where considered essential, innovative structures have been created in form of empowered commissions, statutory boards, autonomous societies and institutions especially in the fields related to research, science and technology.

#### *b. Stability:*

The structure of Government staffed by the permanent civil servants has provided continuity and stability during the transfer of power from one elected government to the other. This has contributed to the maturing of our democracy.

#### *c. Commitment to the Constitution - political neutrality:*

The well laid down rules and procedures of government have upheld the neutrality of the civil services and prevented politicisation of government programmes and services. This has helped in the evolution of institutions based on the principles enshrined in the Constitution.

#### *d. Link between policy making and its implementation:*

The framework of the Government of India has facilitated a staffing pattern which promotes a link between policy making and implementation. This has also helped the structure of both the Government of India and the States and promoted the concept of cooperative federalism.

#### *e. A national outlook amongst the public functionaries:*

Public servants working in Government of India as well as its attached and subordinate offices have developed a national outlook transcending parochial boundaries. This has contributed to strengthening national integration.

### Weaknesses

#### *a. Undue emphasis on routine functions:*

The Ministries of Government of India are often unable to focus on their policy analysis and policy making functions due to the large volume of routine work that they are saddled with. This leads to national priorities not receiving due attention. Often, functions which are best carried out by the State or Local Governments or could easily be outsourced continue to be retained with the Union Government.

#### *b. Proliferation of Ministries/Departments - weak integration and coordination:*

The creation of a large number of Ministries and Departments sometimes due to the compulsion of coalition politics has led to illogical division of work and lack of an integrated approach even on closely related subjects. It has been observed that the Ministries/Departments often carve out exclusive turfs and tend to work in isolated silos. This, at times, detracts from examination of issues from a wide national perspective and in an integrated manner.



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**c. *An extended hierarchy with too many levels:***

Government of India has an extended vertical structure which leads to examination of issues at many levels frequently causing delays in decision making on the one hand and lack of accountability on the other. Another noteworthy feature of the structure is that several levels are redundant as they do not contribute to the decision making process.

**d. *Risk avoidance:***

A fall-out of a multi-layered structure has been the tendency towards reverse delegation and avoidance of risk in decision making. Another aspect of the existing structure is an increasing emphasis on consultations through movement of files as a substitute for taking decisions. This leads to multiplication of work, delays and inefficiency.

**e. *Absence of team work:***

The present rigid hierarchal structure effectively rules out team work so necessary in the present context where an inter-disciplinary approach often is the need of the hour to respond effectively to emerging challenges.

**f. *Fragmentation of functions:***

At the operational level also, there has been a general trend to divide and subdivide functions making delivery of services inefficient and time-consuming. Several decades ago, this was captured in a telling manner in a Shankar Cartoon, of an official being appointed as "Deputy Assistant Director General, Envelopes (Glue)".

**g. *Issue of autonomy:***

Except in the case of a few committees and boards, there has been considerable weakening of the autonomy conceived at the time of their formation.

### **Core Principles of Reforming the Structure of Government**

The Commission feels that the following core principles should govern the restructuring of the Government of India:

**a. *The Union Government should primarily focus on the following core areas:***

- i. Defence, International Relations, National Security, Justice and rule of law
- ii. Human development through access to good quality education and healthcare to every citizen
- iii. Infrastructure and sustainable natural resource development
- iv. Social security and social justice
- v. Macro-economic management and national economic planning
- vi. National policies in respect of other sectors

**b. *Subsidiarity:*** The principle of subsidiarity should be followed to decentralise functions to State and Local Governments. This should be followed by restructuring which may include decentralization/delegation or hiving off activities.

**c. *Subjects which are closely inter-related should be dealt with together:*** In any organization, functional division is inevitable but it should not be at the cost of an integrated approach towards organizational goals. It is therefore necessary that while structuring Government into Ministries and Departments, a golden mean between the need for functional specialization and the adoption of an integrated approach is adopted. This

would involve an in-depth analysis of all the government functions followed by their grouping into certain key categories to be linked to a Ministry.

- d. **Separation of policy making functions from execution:** In any large organization, the imperative of efficient management requires that higher echelons concentrate more on strategic decisions and policy making whereas the lower echelons focus on operational decisions and implementation of policies. In the context of Government, this would require the Ministries to give greater emphasis to the policy making functions while delegating the implementation functions to the operational units or independent organizations/agencies. This is all the more necessary because policy making today is a specialized function which requires a broader perspective, conceptual understanding of the domain and proper appreciation of the external environment. Implementation of the policies on the other hand requires in-depth knowledge of the subject and managerial skills.
- e. **Coordinated implementation:** Coordination is essential in implementation as in policy making. The proliferation of vertical departments makes this an impossible task except in cases where empowered commissions, statutory bodies, autonomous societies have been created. There is considerable scope for more of such inter-disciplinary bodies in important sectors. This should be pursued urgently. In cases where these already exist, the tendency to reduce their autonomy should be reversed.
- f. **Flatter structures - reducing the number of levels and encouraging team work:** The structure of an organization including those in government should be tailor-made to suit the specific objectives it is supposed to achieve. The conventional approach in the Government of India has been to adopt uniform vertical hierarchies (as prescribed in the Manual for Office Procedure). There is a need to shift to flatter organizations with greater emphasis on team work.
- g. **Well defined accountability:** The present multi-layered organizational structure with fragmented decision making leads to a culture of alibis for nonperformance. The tendency to have large number of on file consultations, often unnecessary, lead to diffused accountability. A clearer demarcation of organizational responsibilities would also have helped in developing a performance management system for individual functionaries.
- h. **Appropriate delegation:** A typical characteristic of a government organization is the tendency to centralize power and avoid delegation of authority to subordinate functionaries or units. However, this leads to delays, inefficiency and demoralization of the subordinate staff. The principle of subsidiarity should be followed to locate authority closer to the citizens.
- i. **Criticality of operational units:** Government organizations have tended to become top-heavy coupled with fragmentation and lack of authority, manpower and resources at the operational levels that have a direct bearing on citizens' lives. Rationalization of Government staff pattern is necessary, commensurate with the requirements of the citizens.

## Second ARC Recommendations

Some Important Recommendations are:

### 1. Optimum size of government workforce (Rationalizing the size of Government)

The Commission is of the view that an optimum size of government workforce is essential for its effective functioning. While an oversized government may prove to be a burden on the exchequer apart from breeding inefficiency, an understaffed government may fail to deliver.

## 2. *Formation of new departments(Reorganizing the ministries and Departments)*

Creating new departments to deal with individual subjects has the advantage of focusing greater attention and resources on that field but it also carries with it the disadvantages of lack of coordination and inability to adopt an integrated approach to national priorities and problems. For example, 'Transport' is an extremely important subject which requires an integrated approach. Different aspects of this subject are dealt with in different Ministries. The Ministry of Civil Aviation deals, inter-alia, with aircraft and air navigation and other aids relating to air navigation and carriage of passengers and goods by air; while the Ministry of Railways is responsible for all aspects of rail transport; Ministry of Shipping, Road Transport and Highways deals with maritime shipping and navigation, highways and motor vehicles and the Ministry of Urban Development deals with planning and coordination of urban transport systems. Thus, 'Transport' as a subject has been fragmented into multiple disciplines and assigned to independent ministries making the necessary integrated national approach to this important sector difficult. Similarly, Energy is now being handled by at least four different departments i.e. the Ministry of Power, Coal, Non-conventional Energy Sources, Petroleum and Atomic Energy. In contrast, in the UK, there is a single Secretary of State (Cabinet Minister) for Transport and a single Secretary of State for Energy. The Commission feels that there is a need to strike a balance between the requirements of functional specialization on the one\ hand and the need for a holistic approach to key issues on the other. Democracies like the UK and the USA have attempted to achieve this by having between 15 and 25 ministries headed by Cabinet Ministers and assisted by other Ministers.

To implement this concept of a Ministry would have to be redefined. A Ministry would mean a group of departments whose functions and subjects are closely related and is assigned to a First or Coordinating Minister for the purpose of providing overall leadership and coordination. This concept of a Ministry and the Coordinating (or First) Minister may be explicitly laid down in the Allocation of Business Rules. Adequate delegation among the Ministers would have to be laid down in the Transaction of Business Rules. As a consequence of this, rationalization of Secretary level posts wherever required may also need to be carried out. Individual departments or any combination of these could be headed by the Coordinating (or First) Minister, other Cabinet Minister(s)/ Minister(s) of State.

## 3. *Creation of Effective Executive Agencies:*

Separation of policy and implementation would also call for changes in how the policy implementing agencies are structured. It is necessary that implementation bodies need to be restructured by giving them greater operational autonomy and flexibility while, at the same time, making them responsible and accountable for what they do. It is advisable that, for the purpose, autonomous organizations like executive agencies be set up to carry out operational responsibilities. The executive agency is not a policy-making body; but it is Separation of policy and implementation would also call for changes in how the policy implementing agencies are structured. It is necessary that implementation bodies need to be restructured by giving them greater operational autonomy and flexibility while, at the same time, making them responsible and accountable for what they do. It is advisable that, for the purpose, autonomous organizations like executive agencies be set up to carry out operational responsibilities. The executive agency is not a policy-making body.

In India, while some agencies or structured as Departments of Government, some have statutory backing and others or registered as a company, cooperative, trust or a society. The line departments of the government are not in a position to optimally deliver government services largely because of the overwhelming nature of centralised controls they are subjected to and the lack of operational autonomy and flexibility. Centralised controls as they exist now reinforce a focus on inputs rather than results and are a great stumbling block to performance.

At present, micro-management is the culture in the ministries. It is, therefore, necessary that the detailed central controls are replaced by guidelines and minimum standards. While standards need to be maintained, advice

provided and best practices promoted, the culture must be one of facilitation, not of undue intervention. Civil servants in the implementing agencies must be given autonomy, greater flexibility and incentives to achieve results.

From the experience of agencification in other countries as well as in India, the term public sector in a broader sense refers to a continuum starting with the departmental undertakings at one end and stretching towards autonomous agencies and offices to corporatised units on the other. For example, in India, the Railways is organized as a departmental agency undertaking, scientific establishments are structured under autonomous organizations like the CSIR, Space Commission etc while a large number of units working on commercial lines are organized as companies (Public Sector Undertakings).

The relationship of Government with departmental undertakings is one of direct control and supervision but it shifts towards greater autonomy when accountability is sought to be ensured through performance agreements and contracts.

The Commission is of the view that each Union Government Ministry should scrutinize the activities and special purpose bodies of the Ministry. The following questions should be asked as a prelude to the formation of the Ministry's executive agencies: Does the activity/special purpose vehicle need to be carried on at all? Ministries often accumulate activities and bodies that have no use in the present context. Such bodies and activities need to be identified for closure, and their staff should be re-deployed.

If the activity/body is seen to be necessary in today's context, should the activity be administered by the ministry, in the light of the management capacities available in the civil society and corporate public and private sectors and in the light of current governance priorities? If serious equity or security issues or legal issues are not involved, many government activities can be safely outsourced to institutions in the civil society/ corporate public or private sector, if this is more cost effective than the ministry carrying on the activity.

Each agency, whether a new body or an existing departmental undertaking/agency/ board/special purpose body etc. that is to function as an executive agency, must be semiautonomous or autonomous and professionally managed under a mandate. Such executive agencies could be structured as a subordinate office of the department or as a board, commission, company, society etc.

Mere creation of executive agencies is not an end in itself. What is equally important is to ensure that the right balance between autonomy and accountability is struck while designing the institutional framework of the agency, which, in turn, would be determined by the nature of activity/functions entrusted to it. This could be achieved through well designed performance agreements, Memorandum of Understanding (MOU), contracts etc. However, preparing and enforcing such performance contracts requires considerable upgradation of capacity in the concerned government departments.

#### **4. Internal structure of the ministry**

A department in the Government of India has a vertical hierarchical structure with the Secretary as the administrative head and several levels comprising Special Secretary/Additional Secretary, Joint Secretary, Director/Deputy Secretary, Under Secretary and Section Officer/Desk Officer. A hierarchical multi-level structure has certain strengths but several weaknesses. While such a system enables a vertical division of labour with extensive supervision and checks and balances at different levels, it also causes delays due to sequential examination, dilutes rather than enhances accountability, prevents an inter-disciplinary approach towards solving problems and kills creativity. For routine regulatory matters such as issue of licenses/permissions etc., such a rigid hierarchical structure with prescribed workflows and adequate delegation may be appropriate, but for functions like policy formulation, managing change, crafting a holistic approach on inter-disciplinary matters, problem solving etc. it does not give optimum results and infact could be counterproductive.

A new approach to policy making would call for restructuring the design of the ministries to make them less hierarchical, by creating flatter structures with team-based orientation. The ministries, as they function now, are centralized, hierarchical organizations tightly divided into many layers, boxes and silos. Much of the civil service hierarchies in the ministries continue to be structured along traditional lines of authority, carefully regulated to ensure that as few mistakes are made as possible. The staff in the ministries is more concerned with internal processes than with results. The systemic rigidities, needless complexities and over-centralization in the policy-making structures are too complex and too constraining. There are too many decision points in the policy structures, and there are a large number of veto points to be negotiated for a decision to emerge. While such hierarchical exercise of authority provides some control of quality and integrity of decision-making, it often leads to exasperating delays and takes the focus away from delivering results. It is necessary that these hierarchies should be dismantled and team based structures be introduced.

### 5. *Simplification of Governmental Processes*

Government organizations are bureaucratic. The term 'bureaucratic' often carries a negative image and denotes red tapism, insensitivity and the rule bound nature of an organization. When Max Weber propounded 'bureaucracy' as a form of organization he meant organizations structured along rational lines, where:

- Offices are placed in a hierarchical order
- Operations are governed by impersonal rules thereby reducing discretion. There is a set of rules and procedures to cater for every situation
- Officials are given specific duties and areas of responsibility
- Appointments are made on the basis of qualifications and merit

Unlike a commercial organization which is driven by the sole profit motive, government organizations have multiple objectives, government organizations function in a more complex environment, the situations which government organizations face are much more varied and challenging and above all government organizations are accountable to several authorities and, above all, to the people. In a commercial organization, the test of profitability determines the decision. This is not possible in government organizations and therefore rules and procedures are developed to minimize discretion, and guide the decision making process within the organization. This is not to say that private commercial organizations never have bureaucratic structures or do not have internal rules but their rules are usually not as elaborate and as rigid as in government organizations. Rules and procedures in government ensure that the organization is able to deal with people in an equitable, predictable and fair manner. However, rigid adherence or over dependence on these tends to curb innovation and reduce organisational responsiveness and sensitivity.

The rules and procedures which govern the working of government organizations are laid down in various laws, regulations and executive instructions. There are general rules which apply to all government Ministries/ Departments. There may also be rules applicable to only a particular organization. The general rules which lay down the procedures in government are provided in the Secretariat Manual of Office Procedure. The Manual has been amended from time to time in order to adapt the procedures to emerging challenges.

The current procedures have several strengths as well as weaknesses.

#### **Strengths:**

- Recordkeeping but the present system undeniably creates voluminous manual records, the use of this data remains constrained due to lack of proper categorization, referencing and access systems.
- Accountability

- Institutional memory While reliance on institutional memory may be desirable in cases where uniformity of approach is required but when it comes to new and emerging problems, a blind application of such precedents may prove counter-productive. Over-reliance on precedents discourages independent application of mind and inhibits creative approaches to problems. Another drawback is that even in routine decision making where such institutional memory can be best used, absence of effective data retrievable systems leads to 'cherry picking' precedents to suit one's convenience.
- Inbuilt Redundancy-self Correcting: Examination of an issue on file by multiple levels enables repeated scrutiny which in turn enables correction of errors and omissions at any particular level and thus creates a kind of self correcting mechanism
- The present office procedures enable individual functionaries to record their independent views on the files. The system, at least in theory, safeguards the right of expression of individual functionaries and protects them from extraneous influences and victimization, more so with the coming in force of the Right to Information Act.

#### **Weaknesses:**

- Multiple Layers Lead to Inefficiency and Delays
- Fuzzy Delegation
- Focus on File Management at the Expense of outcomes
- Absence of Team-based Working
- The Manual of Office Procedure appears to emphasise the action to be taken on receipt of papers rather than on a proactive approach towards the Departments' priorities.

#### **How to improve it?**

Each Department should lay down a detailed scheme of delegation at all levels so that the decision making takes place at the most appropriate level. It should be laid down in the Manual of Office Procedure that every Ministry should prescribe a detailed scheme of delegation for its officers. This delegation should be arrived at on the basis of an analysis of the activities and functions of the Ministry/Department and the type of decisions that these entail which should be dovetailed with the decision making units identified in that Department.

The scheme of delegation should be updated periodically and should also be 'audited' at regular intervals. The audit should ensure that the delegated authority is actually exercised by the delegatee. The scheme of delegation should be placed in the public domain.

The number of levels through which a file passes for a decision should not exceed three.

- i. In cases where the Minister's approval is required, the file should be initiated by the Deputy Secretary/ Director concerned and should be moved through the Joint Secretary (or Additional Secretary/Special Secretary) and the Secretary (or Special Secretary) to the Minister.
- ii. Cases requiring approval of the Secretary should go through just two levels (e.g. either US and Director, US and JS or Director and JS).
- iii. Cases requiring approval of the JS/Director/DS should come through just one level. The exact combination of levels should be spelt out in the scheme of delegation for each Ministry/Department whereas the number of levels as suggested above should be prescribed in the Manual of Office Procedure.



- iv. The Department dealing with administrative reforms in the Union Government should be entrusted with the task of ensuring compliance with this stipulation.

For addressing cross cutting issues, the Secretary of the concerned Department should have the flexibility to create inter-disciplinary teams.

The Departments should build an electronic database of decisions that are likely to be used as precedents. Thereafter such database should be periodically reviewed and where necessary, changes in rules introduced in order to codify them. There may also be precedents that may be the result of wrong or arbitrary decision making which the Department would prefer not to rely on for the future. In such cases the Department would have to appropriately change its policy/guidelines and if required even the rules to ensure that these precedents are not wrongly used.

#### **6. Ensure proper coordination among different levels: (Coordination Mechanism)**

There is need for ensuring extensive horizontal coordination where policies are spread over a number of departments and where policy delivery mechanisms are distributed in different parts of the government. Several Groups of Ministers (GOMs) have been constituted to look into different issues/subjects. Some of these GOMs have been empowered to take decisions on behalf of the Cabinet whereas the others make recommendations to the Cabinet. The Commission understands that the constitution of a large number of GoMs has resulted in many GoMs not being able to meet regularly to complete their work thus leading to significant delays on many major issues.

The Commission feels that more selective use of the institution of Group of Ministers would perhaps lead to more effective coordination particularly if they are empowered to arrive at a decision on behalf of the Cabinet with time limits that are prescribed for completing the work entrusted to them.

#### **Coordination Role of the Cabinet Secretariat**

The Cabinet Secretariat plays an important role in coordination of inter-Ministerial matters. Whenever inter-Ministerial coordination is required, the concerned Ministries seek the assistance of the Cabinet Secretariat. The inter-Ministerial problems are dealt with in the meetings of the Committees of Secretaries (COS). These Committees are constituted for discussing specific matters and proposals emanating from various Secretaries to the Government and meetings are held under the chairmanship of the Cabinet Secretary. The Secretary (Coordination) plays an important role in assisting the Cabinet Secretary in inter-Ministerial coordination.

The discussions of the COS takes place on the basis of a paper formulated by the principal Department concerned and the Department with a different point of view, if any, providing a supplementary note. The decisions or recommendations of the COS are unanimous. The Cabinet Secretariat is seen as a useful mechanism by the Departments for promoting inter-Ministerial coordination since the Cabinet Secretary is also the head of the civil services. The Secretaries therefore consider it necessary to keep the Cabinet

Secretary informed of significant developments whenever necessary. The Transaction of Business Rules also require them to keep the Cabinet Secretary informed of developments, from time to time, specially if there are any departures from these rules.

#### **Other Coordination Mechanisms**

In addition to the high level coordination mechanisms mentioned above, coordination between Government Departments is also achieved through various other formal and informal mechanisms. The formal mechanisms may include inter-Ministerial committees and working groups that are set up from time to time to deliberate on specific issues or to oversee the implementation of different government schemes and programmes.

Coordination is also achieved through inter-Ministerial consultations which could occur through movement of files or through meetings between the representatives of the concerned Ministries.

The Commission recognizes the importance of coordination amongst various Ministries/Departments, more so because of new and emerging challenges in many sectors which require a coordinated national response. The Commission has already recommended re-grouping of government functions into inter-related categories to be assigned to a Coordinating Minister to improve such coordination. Besides, while examining the internal structures of the Ministries, the Commission has suggested a flexible, inter-disciplinary team based approach which would inherently serve to improve coordination.

The need for inter-Ministerial coordination at the apex level would be reduced as a result of these measures. Nonetheless, there will always be issues and problems for which high level inter-Ministerial coordination would be required. In such cases, the extent and quality of coordination would depend on the skill of the coordinator and the spirit with which the members participate. To achieve the necessary coordination, a Secretary should function as a member of a team rather than as a spokesperson of his/her Department's stated position. Furthermore, effective functioning of the existing mechanisms comprising the Cabinet Secretariat, Committee of Secretaries, Group of Ministers and Cabinet Committees should, therefore, be adequate to meet the requirement of inter-Ministerial coordination.

An area where the Commission feels the need for having a formal coordination mechanism relates to issues which may arise between the States and the Union Government particularly in relation to sectors like power, transport, water etc. While, at present, such issues are often taken up for resolution by the Government of India through discussions between the concerned Ministry/Ministries and the States, there may be instances where resolution of such issues gets delayed in the absence of an inter-Ministerial mechanism. It should be possible to resolve such stalemates by the States bringing the matter before the Cabinet Secretary for consideration by the Committee of Secretaries based on which the Union Cabinet could take a final view. Secretary (Coordination) could play a key role in facilitating this coordination.

### **World Bank's Recommendations for Improving Governance Capacity**

Concerned about the failures of public administration in many States, especially poor developmental States, the World Bank came out with a number of prescriptions for increasing governance capacity:

There should be a two-part strategy for increasing the effectiveness of the State. Part one requires narrowing the gap between the demands on a State and its capabilities to meet these demands, through greater selectivity in the State's priorities. The State should concentrate on the priorities and offload the rest to the civil society and the private sector. Part two requires increase in the capability of the State to manage collective actions efficiently by recharging public institutions.

#### **Matching the State's role to its capability implies the following:**

- a. **Redefining of priorities for State action:** Five main tasks lie at the core of every government's mission. Without these, sustainable, shared, poverty reducing development may be impossible. These fundamentals are:
  - (i) Establishment of a foundation of law and prevention of lawlessness;
  - (ii) Macro-economic stability (low inflation, containment of adverse balance of payments, etc.) and a 'non distortionary' policy environment;
  - (iii) Investment in basic social services like health and education and infrastructure (energy, transportation, communications, postal services, etc.);
  - (iv) Protection of the vulnerable segments of society such as women and ethnic minorities; and (v) protection

of the environment through harnessing public opinion, flexible regulation, strengthening of self-regulation mechanisms and creating financial incentives for environment friendly activities.

- b. Creation of alternative providers of infrastructure, social services, etc. For instance, instead of the State assuming the entire burden of providing health insurance or unemployment benefits, business, labour, and community groups can be co-opted in sharing the burden. Outsourcing can be devised to increase competition and innovation. Unnecessary regulations can be eliminated to release creative market forces. Privatization offers important possibilities for reducing the burden on the state. However, the way privatization is managed is as important as its content, and this means 'transparency' in the privatization process, winning the acquiescence of the staff, broad-basing ownership in the privatized entity, and instituting an appropriate regulatory structure for the privatized activity.
- c. In countries with weak institutions that are unable to check arbitrary actions of the State or its masters, self-restricting rules that precisely specify the ambit of a policy, and make it irreversible or costly to reverse, can be harnessed. Another way of checking arbitrary State action is for the State to work with the corporate sector and other organized forces for pursuing, say, an industrial policy, so that the latter is a product of consensus rather than administrative fiat.

**The second part of the strategy of reform is the strengthening of the State's institutional capability:**

- a. Provide incentives to public officials to perform better; separate the powers of the legislature, the executive, and the judiciary, and create a system of mutual checks and balances; create an independent judiciary, so that laws are enforced and unconstitutional laws are struck down; reduce opportunities for corruption by reducing the discretionary authority of officials, regulations, and artificial barriers to entry in industry; pay competitive remuneration to public officials; have meritocracy in the recruitment and promotion of officials; institute stringent punishment for wrongdoing, and an independent agency for detect.
- b. Deliver needed services by subjecting the state's services to increased competition from agencies both within and outside the state. For example, public goods and services such as electricity and telecommunications services can be competitively provided rather than exclusively by monopoly agencies of the state. Focused, performance-based public agencies with autonomy and greater managerial accountability can be set up.
- c. Give people voice in the affairs and activities of the state, by the ballot box route as well as by co-opting them on various advisory councils; involve the beneficiaries of government programmes in the planning and implementation of these programmes.
- d. Devolve authority from the central government to regional and local governments, but institute mechanisms to monitor devolution, prevent the capture of these governments by vested interests, and to check profligacy by these governments.
- e. Ensure broad-based public discussion of key policies and priorities. Give much greater access of the public to information with the state and create various consultative forums.

## Conclusion

In this report, the organizational structure and functioning of the Government of India has been examined with a view to making it more pro-active, responsive, accountable and efficient. It has been attempted to redefine the role of various Ministries/Departments in order to meet new and emerging challenges of governance which necessitate a much greater degree of collaboration and coordination among them. Besides, analysis of the procedures as well as the internal structures of different Ministries and Departments has been carried out with a view to make the Departments function in a more innovative and effective manner.

Structural reforms are necessary but are not sufficient in themselves to improve governance and, therefore, need to be complemented by a series of other reform measures. It is essential that all these reform initiatives are implemented in a synchronized way to achieve better governance.

Given the complexity and size of the Government of India as an organization, recommendations have been confined to broad principles. It is expected that individual Ministries/Departments would be able to apply these principles in order to substantially reorganize themselves. Similarly, in case of several rules that govern the functioning of Government of India, certain generic changes have been suggested. It would be for the Ministries to apply these suggestions in order to recast their rules so as to increase their efficacy.

The reorganization needs to be driven by the necessary political will at the highest level and monitored regularly by the Cabinet Secretariat. Some of the suggestions may look radical but it needs to be recognized that implementing these, even in a phased manner, may be critical to achieving an effective transparent, coherent and efficient governance structure.

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☎ **011-47058253, 8448496262** ✉ [info@iasscore.in](mailto:info@iasscore.in) 🌐 [www.iasscore.in](http://www.iasscore.in)