

FUTURE OF TEACHING, TRAINING AND RESEARCH IN PUBLIC ADMINISTRATION WITH SPECIAL REFERENCE TO CHANGING ECONOMIC POLICIES AND PROGRAMMES

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INTRODUCTION

In India, after independence there has been qualitative also quantitative change in the functioning of the state and its public administration. Firstly, with the commencement of national planning, new policies and programmes have been formulated in almost all the sectors of the economy. With each successive plan, the scale of operations in terms of programmes and finances has been increasing. Most of the development schemes were introduced with their own administrative arrangements both at the headquarters and field levels. There has been multiplicity of functionaries not only in departments but outside their folds also. As a consequence of this, functions and tasks have become much more complex. It is also relevant here to mention close collaboration between the centre, states and international agencies in the area of irrigation, health, urban development, social welfare, social forestry, etc. Besides, there has been phenomenal rise in the number of Regulatory Acts in the areas like labour, revenue, urban development, industries, environment, etc. Another important factor has been the political context of administration. This is nowhere more close and direct than in the case of district and block level administration. The introduction of Panchayati Raj system has brought the public servants in direct contact with the masses and their political institutions. Due to social tensions, law and order has emerged a

major area of concern. As a matter of fact, due to the changes brought about, we have little in common with the system of bureaucracy which we inherited from the British.

The role of the state in economic development in India became prominent not only due to ideological reasons but also due to the fact that private capital was not developed, markets were not developed and the level of industrialisation was low. As such, it became imperative for the Government to directly produce goods and services and also develop infrastructural facilities which in turn helped in developing the private sector in India. It is also worthwhile to mention here that ours is a mixed economy and a large number of activities are undertaken in agriculture, industry and services by the private sector. In all these sectors, the decisions are taken within a macro economic environment influenced by economic policy and planning.¹

There are certain important consequences of this development both in social and economic sectors with reference to India:

- The role of the state in national economy laid the foundation of rapid industrialisation. However, due to multiplicity of objectives, over-manning, etc., a large number of public sector enterprises failed to provide reinvestable surplus.
- In a large number of developmental schemes, by and large, it was observed that there exists a gap between the policy objectives and their outcomes.

It is obvious that the role of the state and its activities in the social and economic sphere became all pervasive. This is, by and large, true for both developed and developing countries. This resulted in deficits on the balance of payment, heavy national debts and problems in the financial sector. The financial problems led various countries to have a more critical look at, "reappraisal of the respective roles for the market and the state."²

The role of the state in economic development has been one of the topics of debate and discussion since many decades. More importantly since 1930s, the role of the state in the economy became

¹C.H. Hanumantha Rao, "Public Sector has a Role—Need for Change in Orientation", *Times of India*, August 27, 1991.

²World Bank, *World Development Report*, Challenge of Development, Delhi, Oxford University Press, 1991, p. 9.

more prominent as it mitigated the Great Depression of 1930s. By and large, up to 1970 was an era of 'Big Government' which helped in the social and economic development. However, due to the financial problems mentioned in the preceding section, "privatisation, de-regulation and minimal government have become current watchwords."³ The concept of privatisation or market mechanisms "refer to a whole range of reformative actions designed to subject administrative activity to the disciplines of the market place."⁴ In North America and some of the European countries since late 1970s, the objective is to subject government programmes, wherever possible to competition and market discipline. The main techniques which are employed in these countries to bring the state activities under market discipline are — deregulation, disposal of publicly — owned agencies to the market sector; contracting — out of services formerly performed by public authorities; imposition of user charges for services previously rendered without charge. Besides, there has also been attempts to reduce the number of civil servants and bring the concept of performance measurement in the civil service.

ASPECTS OF LIBERALISATION IN INDIA

This section surveys the range of policy initiatives taken from July, 1991 and the different forms it has taken. It shows that in the Indian context, liberalisation involves much wider and deeper changes than usually appreciated. The Union Budget 1992-93, the industrial policy, the trade policy and devaluation constitute pillars of the new economic policy. Broadly, liberalisation or de-regulation in the Indian context implies policy initiatives that has changed the existing balance between the public and the private sectors, by reducing the scope, role and status of the public sector in the economy. In other words this means contraction or reduction of the role of the state in the economy. This fact has been very clearly spelt out in the policy initiatives mentioned above and the budget

³Milton J. Esman, "The Maturing of Development Administration", *Public Administration and Development*, Vol. 8, 1988, p. 127.

⁴Hendrik J. de Ru and Roger Wetterhall, "Progress, Benefits and Costs of Privatisation: An Introduction, *International Review of Administrative Sciences*, Vol. 56, 1991, p. 8.

proposals of the Government. The main thrust in all these measures is to create a more competitive environment between private capital, state capital and foreign capital. However, in the new economic policy the major thrust is not so much to change the ownership of the public sector undertakings but to create conditions whereby the public sector enterprises function similar to their counter-part in the private sector. Basically by de-regulating the industrial sector and liberalisation of foreign investment and technology imports, the Government is trying to achieve this objective. The following are the important elements of liberalisation in the Indian context.

De-regulation of Industries

Under the new Industrial Policy, industries like iron and steel, electricity, air-transport, ship building, heavy machinery industries such as heavy electrical plants and telecommunications cables and instruments have been opened for private sector. Earlier, these industries were reserved for the public sector under Industrial Policy Resolution, 1956. Now only, eight industries continue to be so reserved. These industries are in areas where security and strategic concerns predominate. The new policy on the one hand provides a greater degree of participation by the private sector in important areas of the economy. On the other hand, the public sector investment has now become more focused and its role clearly identified. The focus in the public sector will be on strategic, high technology and essential infrastructural areas. The Directional Paper⁵ has clearly identified the principles governing public sector investments:

- The public sector should make investments only in those areas where investment is of an infrastructural nature which is necessary for facilitating growth and development as a whole and where private sector participation is not likely to come forth to an adequate extent within a reasonable time perspective.
- The public sector may also withdraw from areas where no public purpose is served by its presence. The public sector

⁵Government of India, Planning Commission, *Planning Objectives, Trends and Macro-Dimensions of the Eighth Plan*, New Delhi, December 1991, pp. 6-7.

should come in where the investment is essentially for preservation and augmentation of basic resources of the country like land, forest, water and ecology, science and technology. The public sector will have responsibility for meeting social needs or for regulating long-term interests of the society like population control, health, education, etc.

- In large parts of public sector operations where commodities or services are produced and distributed, unless it is necessary for protecting the poorest in the society, the principle of market economy should be accepted as the main operative principle. It means charging as per cost and costing with full efficiency in operations.

Abolition of Industrial Licensing

Except a small number of industries where strategic or environmental concerns are paramount or "where industries produced goods with exceptionally high import content," requirement of licensing has been totally dispensed with. Besides all restrictions on the expansion of large Houses have been removed. The new trade policy has made the expansion of industries in export field and even import substitution more attractive. Government clearance for the location of industries is dispensed with, though certain locational guidelines remain.

Removal of Investment Controls on Private Sector

Monopolies and Restrictive Trade Practices Act, 1969 made statutory that all firms with assets above Rs. 100 crore have been classified as MRTP firms. The new industrial policy has relaxed the norms of industrial approval. In the amended MRTP Act such firms do not require prior approval of the Government for investment in the de-licensed industries. However, the amended MRTP Act has given more emphasis to the prevention and control of monopolistic, restrictive and unfair trade practices, so that the consumers are adequately protected.

Foreign Investment and Foreign Technology

The limit of foreign equity holding was raised from 40 per cent to 51 per cent in the high priority industries. For this purpose, the Foreign Investment Promotion Board has been constituted.

Similarly, automatic approval is being given for foreign technology agreements in high priority industries.

Public Sector

Public enterprises which are chronically sick would be referred to the Board for Industrial and Financial Reconstruction for rehabilitation purpose. A social security mechanism would be created to protect the interest of workers likely to be affected by such rehabilitation packages. A National Renewal Fund has been set up with the capital of Rs. 200 crore to ensure the cost of technological change and modernisation of industry. This fund would be used to provide safety nets to workers in sick and non-viable enterprises. The Government has also undertaken to divest part of equities of selected public sector enterprises through public financial institutions and mutual funds in order to raise non-inflationary finance for development.

There is a greater emphasis on performance improvement of public sector enterprises through the Memorandum of Understanding (MOU) system through which management would be given greater autonomy to facilitate the fuller discussion on performance. The MOU signed between the Government and public enterprises would be passed in Parliament.

Contracting-out

The Eighth Plan document has emphasised on initiating some basic improvements in the administrative system so as to increase efficiency and reduce public expenditure and bring improvement in the services to the people. Instead of creating departmental units within the Government for specialised services contracting-out services to outside agencies⁶ was emphasised.

User Charges on Public Utilities

The Eighth Plan document has also stressed the need for increase in the 'user charges' on public utilities such as irrigation, electricity, water and higher education. This in a way means application of commercial approach to more traditional public goods and recovering their costs from user-fees rather than general

⁶Government of India, Planning Commission, *Eighth Five Year Plan, 1992-97*, Vol. I, New Delhi, 1992, p. 477.

revenues. As a consequence of this, there is an element of market principle in administrative activities and economic evaluation of their outputs.⁷

It is evident from the broad aspects given above that in India by and large, there has been policy initiatives in the direction of liberalisation as well as application of commercial approach in administrative activities mainly through user charges and contracting out of services.

IMPLICATIONS OF LIBERALISATION AND THE ROLE OF THE GOVERNMENT

The analysis of the changing role of the Government in the wake of liberalisation, indicates a new role of public administration in the national economy. The role of the Government in the economic development has shifted by giving more space to the private sector. In short, the Government after the recent policy initiatives has more influence than control in the economic development. As a consequence of all these developments, the role of the Government has become promotional. For this purpose there is a need for timely clearance of private investment proposals. However, no amount of policy change will produce expected results unless the bureaucratic mind-set is in tune with the new liberalisation policy.⁸ As such, there has to be an attitudinal change in the bureaucracy. It is quite understandable that the bureaucracy will continue to play an important role in the economy of the country. However, achieving these results require basically qualified personnel capable of analysing policy options and designing a consistent set of macro economic and sectorial policies.⁹ Another related aspect regarding the role of bureaucracy deals with providing the conducive environment for the public and private sector activities that will operate in competitive spirit. Besides the public sector enterprises have to be run in an efficient manner. This requires expertise and

⁷Charles R. Wise, "Public Service Configurations and Public Organizations : Public Organization Design in the Post-Privatisation Era", *Public Administration Review*, March/April, 1990, p. 146.

⁸*India Today*, December 31, 1991, p. 11.

⁹Government of India, Planning Commission, *Eighth Five Year Plan*, 1992-97, Vol. 1, p. 84.

professionalism of a different kind. On the whole, the bureaucracy should have an analytical capability to execute its tasks in an effective and efficient manner within the parameters of policy initiatives. There is also a need to pursue aggressively foreign investment drive and for this purpose it is essential to set up public relations efforts in major investing countries to make them aware of the policy changes. For this purpose, it is necessary to post officials who have certain amount of expertise in industries and trade policies.

Another area of concern in the changing role of the public administration relates to infrastructural development. It has been pointed out that lack of infrastructural is a big obstacle in the industrial growth. There are problems in power, railways, shipping and communications. The *Economic Survey 1991-92* pointed out that the performance of the infrastructure sectors shows mixed trends. This report also pointed out need for improved planning and management practices to avoid time and cost over-runs, better inter-sectorial coordination, etc.¹⁰

Similarly, various states and union territories have to play an important role in investing in infrastructure. This state governments will have also to devise policies in consonance with the Union Government's new policies. The state governments have also to simplify some of the procedures for setting industries. There are number of formalities for which clearance has to be taken from various authorities at the local level. Some of these are land acquisition clearance, urban land ceiling clearance, registration with pollution control board and environmental clearance, sanction plan approval from local bodies for factory building, registration with central excise and income-tax authorities, power connection from state electricity boards, formalities relating to industrial relations such as provident fund, employees state insurance, inspector of factories and labour inspector, Reserve Bank regulations on exchange control, imports, exports, etc. There is a need that these procedures should be simplified, time spent shortened and needless delay eliminated.

There is also a need to protect the environment. Industry is an important source of environmental pollution. The Economic and

¹⁰Government of India, *Economic Survey 1991-92*, Part 2 Sectoral Development, 1992, p. 124.

Social Survey of Asia and the Pacific, 1991 pointed out that "industrial growth diversification in many developing economies have often been accompanied by activities which have a heavy impact on the energy and quantity of environmental capital."¹¹ It further pointed out that the "expanding micro electronics industry can create a new type of environmental contamination including heavy metals and other hazardous wastes through air and water borne discharges, which are not as well know."¹² As a consequence, the environmental implications of industrialisation should be a subject of concern. This implies also promoting environmentally sound industrial development.

Consumer protection is another area in which the Government has to play an important role. The Government has to oversee that in the name of industrialisation, the business firms should not have a freedom to earn profits by selling products which lack quality. It is necessary that legal measures related to restrictive trade practices, product liability, product advertising will need to be suitably strengthened. This is all the more necessary in our country where a high percentage of population are living below the poverty line. For effective consumer protection there is a need to strengthen the existing laws and consumer education movement.¹³

Another important area relates to exist policy. It has been calculated that if the existing norms of sickness are applied to sick units and if such units are allowed to be closed down, it is estimated that five lakh workers in the public sector and four lakh workers in the private sector would be rendered unemployed.¹⁴ Such a big dislocation would create a serious problem. There is a need to formulate a well designed and comprehensive social security network so as to make the industrial re-structuring workable. Another important aspect of exist policy relates to training and re-training of the existing work force. In order to make these training programmes successful, such programmes should be supplemented with enough

¹¹United Nations, *Economic and Social Survey of Asia and the Pacific, 1991-92*, New York, 1992, p. 237.

¹²United Nations, *op. cit.*, p. 238.

¹³S.S. Singh, "Consumerism: Concept, Concern and Consumer Care," Theme Paper for the 35th Members' Annual Conference, October, 1991, IIPA, New Delhi, p. 20.

¹⁴Kewal Verma, "First Safety Net, Then Exit Policy", *Business Standard*, October 22, 1991.

stipend and giving subsidy to the industries and also guaranteeing availability of an adequate number of jobs so that there is no mish-mash between the new jobs and the training given to the displaced workers.

A related aspect concerns reorganising the Industrial Development Ministry in view of its reduced responsibilities. There is also to be a clear delineation of responsibilities between Foreign Investment Promotion Board and Project Approval Board. The role of the Planning Commission has also to be clearly spelt-out. It has been pointed out that phenomenal success of Japan in industrial production would not have been possible without the promotional role of Ministry of International Trade and Industries (MITI).¹⁵ The experience of MITI suggests that the agency that controls industrial policy also needs to combine at least planning, energy, domestic production, international trade and a share of finance particularly supply and tax policy.¹⁶ It is worthwhile to examine the set-up of MITI and draw lessons for restructuring the set-up in the Indian context.

Along with the change in the role and responsibilities of the Government in the national economy, there is also a need for a greater concern on human development. It has rightly been pointed out by Amartya Sen "Market forces create opportunities for some people. But equally they do little for the disabled or for those who are so socially disadvantaged that they cannot participate in the market."¹⁷ As such emphasis has to be given to issues pertaining population control, literacy, urban development, housing, etc., and employment generation programme for the poor to maintain a high rate of economic growth.

IMPLICATIONS FOR TRAINING

The analysis of the changing role of public administration in the preceding section has clearly demonstrated the implications of training of civil servants. It signifies that the role has become more

¹⁵Mrinal Datta—Chaudhuri, "Market Failure and Government Failure", *Journal of Economic Perspectives*, Vol. 4, No. 2, 1990, p. 34.

¹⁶Chalmers Johnson, *MITI and the Japanese Miracle*, Stanford University Press, Stanford, 1982, p. 320.

¹⁷"Government Policy Restrictive", *Indian Express*, December 22, 1991.

regulatory in thrust, *i.e.*, environmental protection, consumer protection, exist policy for workers, safety to workers. Besides other important role is to design and formulate right type of macro economic policies as well as sectoral policies consistent with the overall objectives of liberalisation. The policies should enable the private sector to participate in the industrialisation of the country. The other important aspect concerns participation of foreign direct investment in the economy. Besides there has to be an attitudinal change in the bureaucracy both at the central level as well as at the local level with regard to the industrial development. The other important need is effective coordination between various central ministries and departments dealing with the infrastructural facilities. Another dimension relates to closer cooperation between the Government and the private sector for rapid industrialisation and globalisation of the economy. This is all the more important because as membership of various regional grouping has altered the business by subjecting it to supra national legislation. As a consequence of these developments, the civil servants are required to handle issues which impinge domestic business and to collaborate with civil servants of other countries managing joint business and coordinating policy.¹⁸ The public sector has to compete with the domestic private sector and the foreign private sector. It is logical that the public sector functionaries need to be professionalised in order to fulfil their role.

NEW CONCERNS IN TRAINING

Within the possible implications provided above there is a need for adapting and formulating training programmes in connection with the changing needs and shifting role of the Government in the economy. One important aspect of this trend is related to the fact that in the emerging globalisation to trade and increasing participation of the multi-nationals and trans-national corporations, laws relating to international trade and commerce will become an important component in the training programmes. As the Government will have increasingly to deal with these corporations

¹⁸Alain Claisse, "Training Courses at Schools and Institutes of Administration with regard to the Changing role of the State", Paper presented at the *IASIA 1990 Conference*, p. 47.

and other supra national agencies the relevance of the international law becomes obvious. At the same time as mentioned earlier, the bureaucracy will have to devise suitable strategy for adapting macro economic policies to suit the interest of the country's industrialisation and trade in the context of globalisation. For civil servants dealing with industry and international trade there has to be emphasis on training in Economics and International Economic Relations. Simultaneously attitudinal change in the context of the changing role in the national economy is also required. A related aspect of attitudinal change requires a change in the outlook of the local bureaucracy at the state level and below. They should not create obstacles and their outlook should be positive and helpful moving from 'Authority' mind-set to that of 'Service.'

Another important aspect of the future of training requires an effective implementation of laws relating to environmental protection. For this purpose, it is not enough to know the existing laws relating to environment but they should also be sensitised through training programmes about the hazards of new technology in a large number of areas. Consumer protection is another area for which suitable training programmes have to be devised so as to make the state level functionaries aware of their role and responsibilities in the changing context of liberalisation. Similarly, laws regarding workers' health and safety have also to be effectively implemented and for this purpose suitable training programmes need to be devised.

The changing context of the role of the government in the national economy also requires a review of the existing training programmes being conducted by state and central level institutions in a number of areas like financial management, personnel administration and technique oriented programmes, etc. A review is necessary not only to look into the usefulness of these programmes but also with a view to adapt these programmes in the context of the changing role, as well as the fact that in the Eighth Five Year Plan, Government is thinking of designing sector – specific delivery mechanisms in the area of family planning, literacy, poverty alleviation, etc. As such, the question is how to suitably modify the existing training programmes.

FUTURE OF TEACHING AND RESEARCH

Alongwith change in the role and responsibilities of public administration in the national economy, there is simultaneously a greater concern and emphasis on 'human development'. The Eighth Plan emphasised that the main focus during the plan period would be on employment generation, population control, literacy, education, health, potable water and provision of adequate food and basic infrastructure which are listed as priorities of the Eighth Plan. The State and its public administration will continue to play an important role in the national development by performing functions like maintenance of law and order, collection of revenue, planning, coordination, building infrastructure and as mentioned above, education, health and public sector. In the Indian context, the Constitution enjoins on the State through the Preamble, and the Directive Principles of State Policy, certain obligation so as to provide social and economic justice to the people of India. As mentioned earlier, it is difficult to secure social and economic justice through market forces. As such State intervention is necessary in a large number of areas of human concern.

As pointed out earlier, there is definite contraction of Government responsibility in the national economy. However, its role of overall guarantor of law and order and regulator of economic growth remains intact. As such, this shifting of emphasis in the role of the State and its public administration, simultaneously requires a greater emphasis in the teaching of public administration on public policy formulation, policy implementation and organisational design. In the years to come, public administration will be faced with new problems and challenges. In order to cope up with these problems, it is essential that public administration will need to accept an action-orientation to public problems. Public administration has been defined as an integrated social science, to fulfil its legitimate role, it is imperative to know the social reality. And for the awareness of the social reality, it is essential that in the teaching of public administration there should be a strong emphasis on economics, sociology, political science, anthropology, etc. At the same time, it is also necessary that the teaching of public administration should also impart understanding of various management techniques. This is important as with the scarcity of resources, in a large number of

areas emphasis is being given on increased productivity in public administration and for inculcating a sense of value for money in public affairs. The teaching of public administration should also be suitably modified by incorporating public policy and policy implementation, as well as theoretical models developed in this field. These developments to a large extent have enriched the literature of public administration. With the advancements which have taken place in these two areas, it is possible in public administration to specialise in various aspects of public affairs on the one hand and also to conduct researches in these areas on the other. This will provide the discipline of public administration a greater degree of relevance. Similarly, the post-liberalisation era will also see the emergence of institutions where cooperation from the private sector will be required. The designing of such organisations will provide an additional area of concern. The Government is giving a lot of emphasis in utilising the NGOs in the delivery of public services. In India, as well as in other Third World countries, in public administration literature, it is necessary to analyse accounts of successful NGOs.

In North America and Britain, where privatisation deregulation and de-bureaucratisation have taken place in a significant way, a debate is still going on about the desirability of these measures. There is a renewed confidence in the public sector. As Seymour Lipset observes, "The Confidence Gap could easily give rise to an era of progressive policies aimed at reforming the structure of private power in the United States."¹⁹

¹⁹Seymour Martin Lipset, "The Confidence Gap during the Reagan Years, 1981-87", *Political Science Quarterly*, Vol. 102, No. 1, Spring 1987, pp. 22-23.