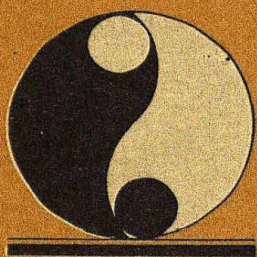


# **Journal of Indian School of Political Economy**

**Vol. VI No. 3**

**July-September 1994**



**A Journal  
devoted to  
the Study of  
Indian  
Economy,  
Polity, and  
Society**



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## ANNOUNCEMENT

The publication and distribution of the Journal of Indian School of Political Economy has been transferred to **Wiley Eastern Limited**, Publishers (Journals Division), 4835/24, Ansari Road, Daryaganj, New Delhi - 110 002. All correspondence regarding subscription, and any other business matters relating to the Journal should be addressed to them directly.

Editorial communications should, however, continue to be sent to the Editor, Journal of Indian School of Political Economy, 'Arthabodh', 968/21-22, Senapati Bapat Road, Pune 411 053.



JOURNAL  
OF INDIAN SCHOOL  
OF POLITICAL ECONOMY

A Journal devoted to the study of  
Indian Economy, Polity and Society

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ticking one consequence is the sacrifice of long-term interests for immediate gains. The Nehru era of seventeen years, as well as the short Shastri era of nineteen months, saw a good deal of politicking at the state level because the state leaders were not sure of their positions. There was much less of it at Delhi and certain basic principles were not totally abandoned.

Politicking became the rule after 1967 due to two historic events. First, was the disastrous failure of the Indian army when China attacked India in October 1962. This shook the faith of the common man, in the north and even more so in the east, in the unquestioned wisdom of the Congress leadership. The second historic event was partly a consequence of the first. This was the 1967 general election which, for the first time, broke the Congress monopoly of power. In nine states out of seventeen, coalition governments of the parties which were previously in the opposition were installed into power. These included the states of Uttar Pradesh, Bihar, West Bengal and Tamil Nadu, with about 60 per cent of India's population. But the power at the Centre was still with the Congress, headed by Mrs. Indira Gandhi. Henceforth both the Congress and the opposition parties had just one objective, namely, to install or keep themselves in power by getting maximum electoral support. All sound principles of law and order were abandoned.

#### *Misuse of Police for Partisan Ends Became a Norm After 1967*

Both the Congress and the opposition parties found that the law and order machinery could be effectively misused for advancing party interests; all of them did it almost unashamedly. India is one integral unit as far as law and order is concerned. The main laws, like the Indian Penal Code, Criminal Procedure Code, Indian Evidence Act, Indian Arms Act, etc., are applicable to the whole of India. The leadership of the state police force rests with the Indian Police Service, which is recruited and trained on an all-India basis. All state police manuals are almost identical. The police responses in all the states should therefore be identical. However, the state governments have the powers of appointment, transfer, reward

and punishment and these were, and are, being used, when necessary, to make the police behave in a wholly partisan manner to suit the interests of various ruling parties.

The Congress government at the Centre utilised its powers of imposing President's Rule for equally partisan ends. The precedent had already been set when, on July 31, 1959, the first Marxist government in Kerala was dismissed while it still commanded a majority in the legislature. The pleas were abrogation of the rule of law - which was a fairly correct charge - and failure to control lawlessness, which was mainly due to the campaign launched by the Congress itself. This was a sad precedent because the ruling party at the Centre deliberately fomented disorder to take over a state government. It is also true that the Marxist government in Kerala set a very bad example by the thoroughly partisan manner in which the law and order machinery and the power of the state government were misused. Again in the March 1971 elections and in the January 1980 elections, the Congress enjoyed undisputed power, as did the Janata party in the years 1977-79, but the misuse of the law and order machinery became an established norm.

The partisan manner in which the Government of India started functioning was shown by the running of states in which President's Rule was imposed. Quite often the state police chief was changed and there were large-scale transfers of officers all along the line from Deputy Inspector Generals (DIGs) to Station House Officers (SHOs) in charge of police stations. These were quite often done with the object of electoral advantage and therefore caste considerations played a great part. The unity and integrity of the administration generally, and of the police force in particular, which is organised on paramilitary lines, were damaged. A police force divided into a triumphant group and a resentful one becomes a blunt instrument.

The law of the land is clear and has been unequivocally laid down in several judgements of the Supreme Court and the High Courts. The salient points of the ruling of the Calcutta High Court (*Jay Engineering Works and others vs State of Bengal*, AIR, 1968, Calcutta, 467) may be



stated: (i) The police have the duty under the law to prevent the commission of crime, to apprehend those who are guilty of this. (ii) Once the laws are made, whether substantive or procedural, neither the Governor nor the Cabinet nor the ministers nor a subordinate executive authority has the powers to add or to detract from its content or to interfere with its working. (iii) The minister has no power or authority under the law to give directions to the police before taking action when an offence has been committed. Legal provision cannot be altered, supplemented or varied by executive fiat. (iv) No direction of any minister need be obtained before taking any action according to law when such action is prescribed under the Criminal Procedure Code or the law relating to crimes. It would be the end of a constitutional government if the police were called upon to consider the political affiliation of either the complainant or the accused in a criminal case.

#### *Virtual Refusal to Enforce the Laws of the Land*

Quite a few of the ills of the Indian polity, took root in the early years of Independence when the Indian state was permitted to become soft. This softness degenerated into rottenness in the years 1966-1984. One of the causes of lawlessness is when the state refuses to enforce its own laws - a mandatory duty of the executive - and thus provokes the affected section of the population to take to violence or agitation or even to terrorism, which the state then suppresses in the name of maintaining law and order. A few of the worst examples are cited below:

(i) From the advent of Independence, Sardar Patel was clear that Bangladeshis (then East Pakistanis) should not be permitted to infiltrate into Assam. From the official documents now released Nehru's approach was quite soft. Later, the Congress party acquired a vested interest in the infiltration of foreign nationals as they voted *en bloc* for the Congress. Dependence on these votes forced the Congress party to let lawlessness reign in Assam. It is a rare instance in world history of a sovereign state permitting foreign nationals to peacefully invade its borders, occupy the land, make permanent irreversible changes in

the composition of the population and become the pampered children of the ruling party for the sole reason of their votes.

(ii) The Planning Commission started giving substantial grants for the uplift of tribals in Andhra Pradesh, Tamil Nadu, Bihar, Madhya Pradesh, etc. With each Plan the grants increased in size. Barely 20 per cent of these benefited the persons for whom they were meant. The politicians and bureaucrats misutilised, wasted or embezzled the major portion of these funds. To back these funds, the state legislatures passed strict laws to prevent the alienation of tribal lands into non-tribal hands. Our politicians were either involved, or soft to deal, with moneylenders, contractors and other unscrupulous elements who made a mockery of these laws. Non-enforcement of laws created a serious law and order situation in many areas of Bihar, Andhra Pradesh and Tamil Nadu; this problem has now taken the shape of the Naxalite problem.

(iii) Bihar was the first among the states in India to pass a comprehensive legislation for abolition of Zamindari. However, while Punjab and Uttar Pradesh enforced their legislation, Bihar's Act remained on paper; studies by several expert bodies showed that the progress on the ground was nil and the class interests of the politicians and bureaucrats made the land legislation a big farce. This is one of the causes of violence and endemic lawlessness and growth of Naxalism in several areas of Bihar.

(iv) While draconian laws were passed against economic offenders, these aroused only amusement as smugglers, profiteers, blackmarketers and tax-evaders not only became the financiers of the ruling party, but they acquired political clout and quite a few attained high offices. This demoralised the services, who had always to keep in mind the political connections of the offenders before initiating any legal action.

Lower down, the tenures of police chiefs, Deputy Inspector Generals (DIGs), Superintendents of Police (SPs) and Station House Officers (SHOs), averaged 15-16 months and, understandably, the anxiety of most of them was, somehow, to pass their tenure peacefully by not disturbing the hornet's nest. The only effective method of firm maintenance of law and order is



to disturb many a hornet's nest by smashing the syndicate of gangsters who are allied to powerful political leaders.

Since the early eighties, like France in 1935-1939, India has been sharply divided internally and surrounded by hostile powers. This complex and dangerous situation needed the revamping of the one-million strong police force and all intelligence agencies, besides political steps, to ease internal tensions in Assam, Punjab, etc. Unfortunately, narrow and immediate objective of the Congress party in Assam, Punjab, Jammu & Kashmir, Sikkim, Andhra Pradesh, etc., became the only consideration, and there appeared to be no basic understanding of the increasing dangers.

When lawlessness started to increase, and it was not a politically feasible task to save the state police forces from the clutches of local politicians, an easy way out was found by increasing the number and equipment of Central Police Forces, especially the Central Reserve Police Force, which grew into a nearly 75-thousand strong force by 1974. It was this force which maintained law and order in the entire north-east and helped beleaguered states like Gujarat and Bihar, when they were faced with massive agitations like the Nav-Nirman and the J.P. (Jay-prakash Narayan) agitations. The Border Security Force, the Central Industrial Security Force, the Railway Protection Force and the Indo-Tibetan Border Police Force were other para-military organisations whose numbers, mobility, wireless equipment, training and officers were increased. A phone message from any Chief Minister or Chief Secretary about an impending or actual trouble would mean that at least five/six battalions of these forces would reach the trouble spot within twenty-four hours. It was a happy development in the sense that it created instruments which could serve the nation in emergencies. But for these forces, many more states, other than Punjab, would have had to be handed over to the Army under virtual martial law with only limited civilian control. However, nothing was done to improve the health of the state police; their dependence on Central paramilitary forces reached a pathetic level. All this meant a terrible burden on the tax-payer. The budget estimates

under this head increased from less than Rs 300 crore in 1980 to more than Rs 1,500 crore in one decade.

Some of the para military forces were expanded as follows:

Para Military Force	Early Eighties (Battalions)	Early Nineties (Battalions)
Central Reserve Police Force (CRPF)	60	125
Border Security Force (BSF)	80	150
Indo-Tibetan Border Police (ITBP)	12	26

But for the shortage of funds, the paramilitary forces would have been expanded much more, so that the use of the army in Punjab and Kashmir could be reduced. The extensive deployment of the armed forces during peace time, to control internal unrest, is not normally favoured.

Until June 1975, an officer with, say 80 per cent capability and 50 per cent estimated loyalty was preferred to a mediocre officer even if he professed 100 per cent loyalty. Thereafter, officers of poor capability and/or notorious for lack of integrity became favourites on the basis of personal loyalty alone. This loyalty principle went down the line and corruption shot up. Many high offices stood debased. During 1980-84, the majority of Mrs. Gandhi's advisers, who made crucial decisions on Punjab and Assam, had neither understood, nor had any knowledge and expertise to understand, the vastly complicated problems of terrorism. They could not visualise the radical adjustments which were needed to convert more than a one-million strong police force in India into an efficient instrument. The fall in the calibre of IAS and IPS officers was not due to any shortage of basic intelligence. It was simply due to the fact that they employed less and less of their time on learning their trade and more and more on politics. The number of ignorant Chief Secretaries, and ignorant police chiefs went on increasing and the rot in the lower ranks, was worse. Many inspectors and sub-inspectors forgot the techniques of investigation because it was professionally more rewarding to maintain law and order and make arrangements for VIPs. While terrorists, dacoits, burglars, pick-pockets



and even smugglers became more and more competent professionals, an average investigator in 1991 knew not even half of what an investigator of 1961 knew. Law and order and crime investigation were divided into two water-tight compartments, forgetting that the latter is the foundation of the former.

#### DECAY OF THE SYSTEM

One of the developments in this period was, what is now called, 'the criminalisation of politics'. Two of the worst states in this respect were Bihar and Punjab. Even the South, which is much less criminal than the North, was affected. Uttar Pradesh came somewhere in between. Criminals got the support of politicians who pleaded for leniency to them in the matter of registration of criminal offences, arrest, bail and prosecution. By the early eighties, quite a few of the notorious names in the world of crime were no longer in need of low level political support. A few had entered the legislature themselves; many more had friends in the State Cabinet and in the Union Cabinet. These powerful political contacts enabled them to make friends with senior police officers and IAS officers. One police chief in Uttar Pradesh earned notoriety in his own force by saving them from the consequences of serious crimes like murder, by the simple expedient of transferring these investigations to the CID only to remain in cold storage, till all the witnesses were cowed down and the case had no chance of success.

#### *Internal Structure Damaged*

By the early seventies, most Chief Ministers were nominees of the Prime Minister. They knew that they could lose their jobs if the majority of their party MLAs turned against them. The secret of keeping the legislators happy was simple. The departmental officers were deprived virtually of their power of appointment, posting, transfer, punishment, etc. The majority of the SHOs held their posts at the pleasure of the local politicians, who became active partners in their illegal gains. The vast majority of field officers in the rank of inspectors and sub-inspectors did the minimum of work; their main occupation was to make

money for themselves and their political patrons. Routine work was neglected, and as it has been neglected for more than two decades, the whole technical basis of police work became poor.

Not all Chief Ministers or all police chiefs were wrongly motivated. There were quite a number who were keen to improve matters. However, so many powerful factors were working against them, that either they quietly acquiesced to the system, or struggled vainly against it, or made a temporary improvement, or were soon pushed out and replaced by those who were more amenable.

#### *Marked Increase in Corruption*

One important factor for deterioration of the crime and law and order situation in the country was the quantum jump in corruption during the years 1966-1984. In the early 1960s, the estimated percentage of corrupt officers in the Indian Police Service was not more than 20; in 1984 the percentage was not less than 50. During the same period the number of corrupt State Police Service officers jumped from about 40 to 80 per cent. The deterioration in the ranks of inspectors and sub-inspectors was even faster for several reasons: (i) their collusion with corrupt politicians made them more powerful and irremovable; (ii) as the majority of their supervisory officers were also corrupt the departmental stick became a broken reed; (iii) they had to make more money for bribing others for recruitment, posting, promotion, transfer, etc.; (iv) the socialistic slogans of the Congress were good election strategy but ruinous for honest officers, whose effective pay dropped drastically in these decades due to inflation and meagre dearness allowance. The government could not pay more as it found it politically more useful to let the bureaucracy proliferate.

A similar quantum jump in corruption of IAS officers, PCS officers, prison staff, doctors, judges and, judicial officers, poisoned all the agencies having a big or small role in maintaining law and order. For example, a corrupt doctor could spoil a murder case by twists in the post-mortem report, a jail superintendent could let crime conspiracies be hatched in jail, corrupt judicial officers could neutralise a good deal of



police effort. The system, on the whole, did not promote honesty.

The efficiency of the judicial system is vital for the good maintenance of law and order. Unlike dictatorships, the powers of punishing criminals in a democracy are reserved exclusively for the courts. The two-fold simple duty of criminal courts is to punish the guilty and save the innocent. Both functions are equally important. The punishment of criminals has a deterrent value of a high order, the acquittal of the innocent saves a social explosion. Both jobs have to be done with integrity and speed. Delay helps the criminals, as witnesses become unavailable or are won over or forget events; moreover, police officers are transferred and their successors lose interest. In the early fifties a criminal case in a lower court took less than a month while a Sessions trial was concluded within a fortnight. In 1984 in states like Uttar Pradesh and Bihar only a minority of cases took less than a year. This deterioration was slow and continuous. The gradual increase in both delay and corruption was a part of the same evil in the entire administrative system. Shocking cases of delays lasting for even a decade came to the notice of the Supreme Court. The State adopted a softer alternative by the passage of the National Security Act; in pre-Independence days the national leadership called such laws, lawless laws. But the Act could only ease the situation.

Government appointed a committee in 1971 with Dr. M.S. Gore, the then Director of Tata Institute of Social Sciences and later Vice-Chancellor, Bombay University, as Chairman, to look into the functioning of the police forces and their training requirements. The committee made detailed recommendations. Quite a few of these were implemented, but by that time the standards of integrity, impartiality, etc., had deteriorated appreciably. For example, the deputy superintendents of police and inspectors of police did not find the increase in special pay as any incentive, when corruption in these ranks had reached frightening proportions. Posting from a field job to a Police Training College became one of the worst punishments. The officers for whom in-service training is most important, namely, Station House Officers, regard training as a calamity. A average Station House Officer in the

Hindi-speaking states has on an average, illegal income of about Rs 10,000 per month. A two months' refresher course amounted to a loss of several thousands. Above all, over the years, the police had become so politically involved that there was a yawning gap between theoretical training in an institution and daily practice in police stations. The young recruit, fresh from a Police Training College, was often told by his boss to forget all that he had learnt in the college.

#### *Decay in the Maintenance of Criminal Records*

Criminal records play a vital role in crime control. It is through correct and exhaustive maintenance of these records at all levels - all-India, state, district and police station - that the following essential functions can be performed, (i) connecting a new crime to old criminals; (ii) connecting several crimes to one criminal or one group of criminals; (iii) proving the innocence of persons, under a wrong suspicion; (iv) connecting recovered stolen property to a reported crime; (v) ensuring enhanced punishment under various laws for criminals, repeating the same type of crime; and (vi) ensuring that convicted criminals are debarred from the electoral process; this has become an important job in recent years.

#### *Chaos Above, Utter Confusion Below*

There was chaos at the highest policy levels in 1990 and 1991, leading to utter confusion at the lower levels of administration. The ministers of the Government of India made statements meant for consumption by their vote-banks. They did not realise that this created confusion in the security forces.

An example of this was apparent when the BJP leader L.K. Advani's *Rath Yatra* started from Gujarat and was scheduled to reach Ayodhya in 1990. The then Prime Minister, and the Chief Ministers of Uttar Pradesh and Bihar were speaking in three different voices. While this was noticed and commented upon by the media, the police officers and men posted in Ayodhya continued to receive contradictory instructions from day to day. To add to this confusion, the Uttar Pradesh administration had just one obsession -

more and more paramilitary forces to cope with the coming confrontation. As a result, policemen were drawn not only from all over the state but there were several paramilitary units - CRPF, BSF, ITBP, PAC, etc. There was no common training, no common briefing and not much coordination. As a result there was a lot of chaos and confusion resulting in unnecessary firing, which was one of the causes of the downfall of the then government and its rout at the polls.

### *Lawlessness*

As time went by governments discovered that lawlessness had become a monster, beyond their control because of (i) their lack of courage in arresting their own friends - the gangsters - who controlled their vote banks during elections; and (ii) the instrument of enforcing law and order - the police - had become blunt and ineffective.

Fearing severe public and press criticism, they deplored the fall in moral standards of the public and their failure to follow the high ideals of Gautam Buddha, Lord Mahavir, Guru Nanak, Mahatma Gandhi, etc. Each religious festival or birth anniversary became an occasion for hypocritical appeals, couched in moral and sentimental language, for people to eschew violence. In reality the gangsters took to violence and the common people were their victims.

The political parties welcome the addition of a few lakh votes at the cost of lives lost, but outwardly deplore the brutalisation of life in India. In September 1969, on the eve of the centenary of Mahatma Gandhi's birth, communal riots broke out in Mahatma Gandhi's home state of Gujarat, especially in Ahmedabad, where Gandhiji's famous ashram on the banks of the Sabarmati river is situated. It was a pure administrative failure. There was no well directed policy against gangsters and their financiers. It was not the common people who arranged for lorries, trucks, firearms, kerosene oil and knowledge of field craft. The police were not issued firearms for the first two days to fight the rioters. The tragic misunderstanding that communal riots mean a fight between common Hindus and Muslims led to another mistake. Once the riot was over, it was supposed that harmony was restored between the two communities and

the task of punishing the criminals was forgotten. Each riot gave battle-inoculation to gangsters, who adopted better tactics in the next riot. In Ahmedabad, Hyderabad, Meerut, Moradabad, Aligarh, etc., riots became an endemic feature. The political executive never gave any importance to the basic fact that a police force, which is comparatively honest and free from political influence, can control riots quickly because it is not mixed up with the gangsters.

On July 31, 1959 the Namboodripad government was dismissed for several acts of omission and commission. One of the main charges levied against the Kerala government at its dismissal in July 1959 was the unjustified release of many murder and dacoity convicts. In the 1980s and in 1990 a number of state governments as also the central government repeated this evil practice of unjustified interference in the due processes of criminal law investigation and prosecution. This is the main reason for brutalisation. If the criminal justice system does not operate, criminals will become more brutal every day.

As the maintenance of law and order, became more difficult, as mentioned earlier, government found an alternative by increasing the number and efficiency of central paramilitary forces. The increase in the number of the paramilitary forces did lead to success in dealing with communal riots in the years 1972 to 1977. However, the rot in the state police forces became so serious that the situation went out of control progressively in the 1980s. The impression that people in India had become brutal became widespread in 1989-1990. Inciting communal passions is bad, but the state has the power and responsibility to punish the scoundrels and not to preach to the victims of brutality.

### *Very Few Sentenced to Life Imprisonment*

Even if we concede that capital punishment is to be abolished, very few criminals are sentenced to life imprisonment. Many cases remain untraced. According to the Ministry of Home Affairs figures for 1988, of the cases worked out and challenged, only 38 per cent convictions were brought for trials in Sessions Courts. More than half would have been acquitted by High Courts. Thus the effective conviction rate in proportion



to murders committed was less than 10 per cent; the remissions and paroles granted for political and other extraneous considerations reduce the punishment rate still further. What is worse, even the 10 per cent convictions up to the High Court are obtained in what are called in police 'routine murder cases'; in communal riot cases, in dowry deaths, etc., the police success is hardly 20 per cent. This is not irremediable but it needs revamping of both the police and the judiciary.

In specially sensitive areas like atrocities on Harijans, women, etc., the government, well aware of delay in courts, announces the setting up of special courts. The manner in which these orders are implemented is a scandal in itself. An announcement was made in 1989 for the setting up of special courts to try the November 1984 cases relating to the massacre of Sikhs in Delhi; these special courts had not started functioning even in January 1991. To call the already overburdened Sessions Court, a special court is a mockery of the term. The real meaning of a special court is that it is a whole time court for special types of cases, which should be heard from day to day and not adjourned for months on flimsy grounds.

#### *Compensation to Victims of Criminals*

Compensation to be paid to the victims of crime should be made obligatory by law and not given the colour of charity. It is perhaps the oldest idea in the criminal justice system and practically all societies have practised it. 'Blood compensation' is known in so many religious injunctions. Even in cases of murder, the widow or heirs of the widow, or heirs of the deceased, had power to show mercy to the criminal after receiving due compensation. This is for what are called 'routine murder cases'. The majority of communal riots are due to the laxity of the administration. Therefore, it is doubly proper that the state should give compensation to widows or heirs of the deceased.

Compensation is often given to heirs of those criminals who have been killed by police bullets while indulging in arson, looting, stabbing, etc. If an innocent man has been killed by police

bullets his heirs must, of course, get compensation. A few police chiefs recently pointed to their governments that while heirs of criminals get Rs 1 lakh, the heirs of policemen killed get much less.

#### WINNING ELECTIONS AND LEGISLATIVE MAJORITY

After 1967 it became common practice in several parts of India to secure a legislative majority by open bribery and offer of ministerships. Haryana earned notoriety in this respect and the names of several politicians in Haryana were linked with the practice of *Aya Rams and Gaya Rams*. The 1967 elections found, a few criminals elected to state legislatures. Their standard practice was to switch loyalties so that criminal cases against them were not pursued in a proper manner, either at the stage of investigation or of trial. Verbal instructions were issued to the district authorities for all such cases with the desired result. The criminal justice system soon got adjusted to this state of affairs. It became common knowledge that one sure method of securing immunity from punishment in criminal law was to get elected to the legislature.

Another aspect of the same system was to register true or false criminal cases against opposition party legislators. Even arrest and investigation followed. However, as soon as the person joined the ruling party these cases were forgiven and forgotten. The government has no legal powers to stop a police investigation but this was achieved by issuing illegal verbal orders to superintendents of police. In Uttar Pradesh, Haryana and Punjab serious criminal cases against the group in power were dropped at various stages, while those against the opposition were pursued with vigour till they changed their loyalties. Thus a legislative majority was obtained by a constitutional fraud. This practice involved legislators of all parties.

When winning elections and capturing political power became the sole objective of all political activity, there emerged the phenomenon of capturing polling booths and indulging in violence. This activity soon developed its own expertise and certain gangster leaders became masters of this art. These leaders became influential enough to keep company with Chief Ministers and other ministers. Policemen were quick to take the hint

that these gangster leaders were above the law. If they indulged in criminal activity, the police registered no cases against them, nor made any investigations, nor launched any prosecutions. Sometimes the pressure of public opinion forced the government to register criminal offences and make a show of investigation, but when public memory faded, the cases were quietly dropped.

Elections are an exercise by the people of their sovereignty; anything that prevents a free and fair poll erodes the sovereignty of the people. Since 1967 or so a number of threats have arisen which cast doubts on how the administration discharges its duty. The first threat arose because the impartiality of the police became suspect due to gross political interference. Secondly, there started developing a nexus between politicians, the police and criminals. Further, in order to get votes politicians started encouraging caste and community conflicts and these affected the administration. In Bihar caste affiliations became stronger from the lowest ranks of the administration (for example, *patwaris* and constables) to the highest political executive. Next, the policy of prohibition (now abandoned in all states except Gujarat) and unimaginative restrictions on imports and exports created an army of smugglers. Their illegally earned money and gangster manpower were at the disposal of election managers, especially in states like Punjab, Gujarat and Maharashtra. Lastly, the evil practice of capturing polling booths, which was seen quite early in Bihar and Kashmir, started spreading to more and more states.

In spite of these adverse factors, there were a number of positive aspects: the desire of the people to exercise their franchise peacefully, the impartiality of the majority of IAS and IPS officers, a fair mixture of castes and communities in the lower ranks of the police - which did not permit electoral abuses to cross the limits of decency. As a result, the five Lok Sabha polls from 1952 to 1971 were peaceful; the sixth Lok Sabha poll in 1977 was fairly peaceful and it can be said that the verdict of the people was not distorted.

However, there was a definite quantitative increase in lawlessness in every election. This was a reflection of a general weakening of the law

and order machinery. The radical changes in party fortunes in 1967, 1971 and 1977 made a politicised administration subservient not only to their then political masters but also to their likely political masters after the elections. This attitude paralysed the will of the local administration, who took the safest course in laxity and kept all major groups happy. The best prescription for a fair poll is equal strictness on all law-breakers.

Until 1962, the Lok Sabha and State Assembly elections were, even otherwise, clean and fair. The 1967 elections showed the first organised efforts at booth-capturing. Apart from outlying districts even in the capital city of Patna, a large number of people found that their votes had already been cast by others.

The first set of authentic figures were given in Parliament on April 1, 1971, of the extent of violence in the mid-term Lok Sabha poll in February-March 1971: The total number of violent incidents was 2,291 - West Bengal topping the list with 1,027 incidents, followed by Tamil Nadu (270), Bihar (158) and Andhra Pradesh (104). These 2,291 cases were not pursued to their logical conclusion, thereby proving the criminal neglect of their constitutional duties by the Government of India and the Chief Election Commissioner. As a result, violence went on increasing in subsequent elections. In the seventies the media quite frequently talked of malpractices in elections. There was loud talk of a moral code for political parties instead of (i) arrest of persons for election offences; (ii) proper investigation of the criminal offences by an impartial body of investigators; (iii) vigorous prosecution of the accused; (iv) special courts for speedy trial; (v) subsequent action, after conviction, to get the convicts disqualified for holding elective offices for a period of six years; and (vi) steps to get those elections, which were affected by these malpractices, declared void.

Nothing of the kind was done. The provisions of the Indian Penal Code and the Representation of People's Act remained merely on paper: not even one per cent of the culprits paid the price for their misdeeds. This non-punishment made the culprits bolder and so an evil, which was nominal in 1967, started getting bigger with every election. The nexus of politicians with the police soon led



to another development. There grew a belief among certain politicians that some police units could help or mar their chances in elections.

### *Wholesale Transfers*

The supposed impartiality of the Centre in maintaining law and order in the pre-election period was exaggerated when the President's Rule was utilised shamelessly to transfer officers on a mass scale to suit election politics. This was done by the Janata government just before the State Assembly polls in mid-1977, but the sweeping changes made in field jobs in early 1980 surpassed the Janata's record. In western Uttar Pradesh practically all SHOs belonging to certain castes were replaced by SHOs belonging to certain other castes. Punjab, which was under the direct eye of the Home Ministry, had changes which involved nearly 70 per cent of those of the rank of Commissioner and Deputy Inspector General of Police, about 50 per cent of those of the rank of District Magistrate and Superintendent of Police and about 50 per cent of persons of the rank of Station House Officer.

The Election Commission should have developed its own historical memory by feeding relevant data into a computer. It should have set up a cell to collect statistics on likely crimes in future elections, by taking into account the releases of political workers, and from jails, and dropping of all investigations after an election.

Decisions based on such data collected by the Election Commission would command public confidence. The Election Commission should demand powers to ensure that election offenders are neither forgotten nor forgiven. The experience of the last two decades should convince the Commission that this is a more reliable method of ensuring a peaceful poll than routine appeals to political parties to adhere to a code of conduct. Preaching of morals is not only useless but a cover for criminal neglect of duty. Further, the Election Commission should insist that the only wise and practical course for Lok Sabha elections was to have a three-day poll.

This is necessary as the number of polling booths have been increasing faster than the police forces. There were 435 thousand polling booths

in the January 1980 Lok Sabha election and 490 thousand in December 1984. There were a little over 10 lakh state police forces and about three lakh paramilitary forces of the Centre. Out of these 13 lakh not more than seven lakh could be mobilised for election duties because police stations in states, border posts for BSF, commitments in the north-east, etc., for CRPF, and railway trains for Railway Protection Force, could not all be denuded of manpower during the elections. Of these seven lakh in 1984-85, at least two lakh had to be left for reserves, patrolling, etc. This left only five lakh policemen for about five lakh booths, that is, one unarmed policeman per booth. In the states where the Home Guards were well trained and kept in proper trim one could add one Home Guard. This was enough for urban polling booths where the police task was simply to regulate crowds. It was a ridiculously weak strength to meet any assault by gangsters - quite a few had firearms - who were bent on booth-capturing. In Bihar many polling booths did not have a single regular policeman; they were manned entirely by personnel from the Home Guards and the Village Volunteer Force. No one had any faith in the deterrent power of these untrained men, a good few of whom even lacked smart uniforms to create an impact. During the December 1984 Lok Sabha polls, the Election Commission had to order repolling in 185 polling stations in 3 constituencies in six states - Bihar, Uttar Pradesh, Andhra Pradesh, West Bengal, Jammu & Kashmir and Haryana. This contingency could have been easily reduced to a small fraction by a three-day poll.

Certain compact states and Union Territories like Delhi, Goa, Gujarat, Haryana, Karnataka, Kerala and Punjab could have a one-day poll under normal conditions. The majority of the armed police battalions have adequate transport. The battalions from these states could then be moved by special trains or by their own transport easily to the sprawling states of Bihar, Uttar Pradesh, West Bengal, Andhra Pradesh, Jammu & Kashmir, etc., from where complaints of booth-capturing are the most. They could be effectively deployed for the third round of polling. The armed police battalions of one state could be easily moved to a neighbouring state. For

example, the armed police battalions from Karnataka and Tamil Nadu could move to Andhra Pradesh.

In a few notorious states like Bihar, the strength of forces available should be doubled, so as to form several hundreds of flying squads in jeeps, to make rounds of 10-12 polling booths every hour. The wireless equipment is there in plenty and any endangered booth could receive strong armed assistance quickly. This should instil fear in the hearts of booth-capturers.

The Election Commission has displayed its anxiety to stop booth-capturing and rigging. In this proposed three-day poll it could help the police by persuading the Government of India to amend the law so that electioneering stops, as at present, not only in the constituencies which go to the poll on the first day, but even on subsequent days. Previous experience shows that violence increases as the tempo rises. Once the polling day approaches, police manpower should not be used in controlling meetings and processions and in making VIP security arrangements in the areas of subsequent polling.

#### *Unfair Elections in Bihar*

The scale of poll violence in the Bihar State Assembly elections on both March 2 and 5, 1985 broke all previous records. About 100 people were killed and nearly 300 injured. Even the repoll on March 12 in 122 booths spread over five districts claimed two lives and several injured.

There are a few notoriously permanent features of the Bihar scene like the strength of feudalism, the Naxalite reaction to this, the bane of casteism, the large-scale use of students to promote lawlessness, the grave unrest in tribal areas, the mafia rule in the coal belt, the rule of armed gangs in vast inaccessible rural areas, the open boasts of seasoned politicians that they use bad characters for winning elections, the permanent nexus between politicians, criminals and policemen, etc. No worthwhile efforts have been made in the last two decades to take any remedial measures and the situation in 1985 was much worse than, say, in 1967 and we seem to have reconciled ourselves to the rule of bullets even in elections.

Again, there was the notorious inefficiency of

the Bihar administration for about two decades. The imperviousness of the state administration to repeated strictures of the Supreme Court- on its jail administration, its treatment of so-called lunatics, the thriving of illegal colleges in spite of bans, the huge losses in lotteries (a money spinner for all states), several thousand persons being sent to jail on forged warrants, etc., - and any hope that things will improve, amounts to criminal negligence. It was well known that the administration had been split almost vertically.

Scenes of violence and booth-capturing in Bihar were evident during the December 1984 Lok Sabha elections. The Election Commission had to order repoll in several polling booths. On the basis of this experience, a more realistic appraisal should have been made and the country should not have been forced to witness the tragic farce again.

#### *November 1989 Elections*

In anticipation of the Lok Sabha elections the Uttar Pradesh government, declared Urdu as the second official language of the state. This notification was clearly a political move. It came as a handy weapon in the hands of communal elements to fan pro-Urdu (pro-Muslim) and anti-Urdu (anti-Muslim) sentiments. (Communal sentiments are always whipped before elections to consolidate votes on communal lines.) The result was a sudden outburst in communal riots in Kota and a few more places in Rajasthan, and repeated in Badaun in Uttar Pradesh, and Bhagalpur in Bihar.

The main ingredients of free and fair elections should be (i) the electorate should be free from fear for a long time and the people should be able to meet, assemble, hold conferences and seminars, stage demonstrations, speak on the T.V. and the radio and utilise every audio-visual media. These rights have to be exercised not merely for a day or two but for several months. (ii) Those who offer themselves for election or agree to act as election agents or propagandists of any party or candidate should have no fear that their lives or limbs or property will in any manner be harmed. In the September 1985 elections in Punjab, each candidate got two policemen for



security; in the February 1992 elections he got 30 men (a platoon). (iii) The election campaign reaches its height during the fortnight preceding the election date. On these dates no one should be able to deprive his political opponent of the chance to put forward his message to the electorate. (iv) On the election day itself there should be peaceful polling.

Remedies have to be adopted if elections are not to be reduced to gun fights in future. The remedies should include (i) A thorough reorganisation of the police on the lines of the recommendations of the National Police Commission. (ii) A new and strict Indian Arms Act should replace the mild Arms Act of 1958. This should lead to cancellation of about 90 per cent of the existing arms licences, followed by house-to-house searches for unlicensed firearms and stiff punishments by courts to those having illicit firearms and licences. According to official figures, as many as 1,748 AK-47 rifles were recovered in the four years, 1988-1991, in Punjab alone. (iii) The Parliament and the State Assembly should be given a quarterly report on all the cases of murder and pre-poll violence and the results of investigations and prosecutions. (iv) All the well-known remedies should be adopted to improve the integrity of politicians and bureaucrats. (v) Any election in which the winning candidate gets less than a certain percentage of total votes should be cancelled.

Above all, although Bihar is the most problem State, it cannot be singled out for reform measures for ills which are common to all the states.

#### TERRORISM IN INDIA

Terrorism can be briefly defined, in the Indian context as organised violence against the country and its inhabitants, with some political objectives initially, but degenerating into pure criminal activity mainly for the benefit of the terrorists themselves. A good deal of the objectives are achieved only by spreading a climate of fear; the rest is achieved by selective killings, lootings, sabotage and destruction. State terrorism implies (i) beating up suspects; and (ii) killing terrorists in fake encounters. To an extent these are the normal police methods for saving India from anarchy. The normal criminal justice has been

severely damaged and no attempts are made to repair it, as basic changes in the system would harm political interests. But beating up suspects and fake encounters have not been devised for terrorists alone.

The general public keep quiet and even approve the killing of real dacoits and terrorists in fake encounters. If innocents are killed there is an uproar. In a democratic country there are checks, some weak and some powerful. The greatest check is the press. The terrorists cultivate the press for the publicity they get. By the generally accepted definition of terrorism, common crimes like robbery and dacoity are excluded from terrorism because these are done for motives of personal aggrandisement and not for ideological or political motives. By this yardstick terrorism, which started with ideological and political overtones in Punjab in 1981, had by 1987 or so degenerated into more of a pure criminal activity in which individual terrorists and their families became rich.

Punjab had a fairly stable Akali-BJP coalition government in the seventies, The Prime Minister misused her powers to topple the government. It is now on record that Bhindranwale, an obscure priest, was the creation of the Congress party. In the race for competing communalism all the political parties lost and the militants came to the fore. The hunger for votes was so strong that all laws became inoperative in Punjab and political expediency took their place.

In Kashmir, from 1986 to 1989 (4 years), both the Government of India and the state government turned a blind eye to the open preaching of secession, collection of sophisticated firearms by militants and their training in Pakistan. The awareness that Kashmir was slipping from the hands of the state came very late.

Whatever the composition of the government, in Punjab or in Kashmir, it cannot co-exist with the rule of the gun. The fear of the gun can distort the verdict of the people. This fear is not baseless. When there are several casualties in the pre-election period many do not go to vote. In the cancelled Punjab elections of June 1991 three candidates for the Lok Sabha and several others for the State Assembly lost their lives. After this experience, many genuine candidates simply did

not stand for elections in February 1992. The loyalty of the militants will only change, as it changed in December 1971, when they realised that Pakistan was no match for India. The fact that elections are no permanent solution to the problem of terrorism, does not mean that elections should not be held. Elections are the only means of finding out the popular will of the people.

### *Terrorism in Assam*

At the time of Independence, Assam was still predominantly Hindu. The bulk of Sylhet district went to East Pakistan. The Congress governments at the Centre and in Assam allowed a peaceful invasion of Assam from East Pakistan (Bangla Desh) by neglecting the elementary duty of safeguarding the country's frontiers. This started the revolt of the Hindu Assamese against the Government of India. The Hindu Assamese pointed out that the Chief Minister of Assam, Mr. Chaliha, had improved the machinery for detection and deportation of foreign nationals. This was however stopped by the Central government. The extremist section among Hindu Assamese started talking of the inadequate returns to the Assamese from their economic wealth - oil, tea, timber, jute, etc. They are realistic enough to know that several million Muslims, who came from Bangladesh, cannot now be sent back. But they want them to live like Tibetan refugees, with all rights except the right to vote.

In their frustration, the extremist section took to terrorism between 1980 and 1985. The Assam accord by Mr. Rajiv Gandhi in 1985 restored normalcy. The Asom Gana Parishad (AGP) government came to power. However, the basic problem of detecting and expelling foreigners was not solved. One solution to this problem is to give these foreign nationals all rights of an Indian citizen except the right to vote and to hold office. No government, which has an eye on the Muslim vote in India, can afford to do this. This led to a well-organised terrorist movement called the United Liberation Front of Assam (ULFA). ULFA spent the time up to 1985 in consolidating itself in the affections of the people. But from 1986 it went on a course of killings and extortions. When this reached a peak in the years 1988 and

1989, the Asom Gana Parishad government was dismissed in November 1990. ULFA was declared a banned organisation under the Unlawful Activities (Prevention) Act, 1967. It was mentioned under the notification that the ULFA's professed aim was the 'liberation' of Assam 'and thereby the secession of Assam from the Indian Union'. The ULFA was also 'creating a deep sense of insecurity among the people by committing acts like extortion of money, murder of political leaders, police officials, businessmen and others, threat, intimidation, kidnapping and harassment of people, snatching of firearms from licence holders, dacoities, highway robberies and looting of banks, punishment of alleged offenders for social and economic crimes and forcible occupation of lands and buildings.'

Infiltration of Bangladeshis into Assam may have gone down, but it has increased in West Bengal and in other states. These infiltrators are changing the composition of the population, and ultimately the power structure. Laws need to be passed under which they or their children do not acquire voting rights.

The genuine grievances of the Sikhs or the Kashmiris or the Hindu Assamese could be politically settled. Unfortunately, the Government of India's hands are weak because its security forces have not succeeded. The failure in India is due to the basic fact that the law and order machinery has been continuously emasculated since the mid-1960s. Law and order was made a tool of politics. It yielded handsome dividends to politicians but made lawlessness endemic in India. This created a fertile field for terrorism.

A sound political management in India does not mean merely a legislative majority but a situation in which no section has any deep-rooted sense of injustice. Such injustice can translate itself into a frenzy of imaginary or minor grievances. This is happening in India.

### *Naxalite Menace*

The Naxalite menace in West Bengal lasted for about five years from 1967 to 1972. It was a period of great trial and tribulation for the citizens of Calcutta. The root cause was the failure to



implement land reforms legislation in the state. The long CPI(M) rule in West Bengal did justice to the rural areas. As a result Naxalism is not a serious problem any more in that state. No steps were taken to implement the land reforms legislation in Bihar and in Andhra Pradesh. Naxalism therefore continues to flourish in both these states and has become a serious law and order problem. The kidnapping of IAS officers, MLAs, etc., have become a frequent occurrence in Andhra Pradesh. In Bihar, killings by landlords and counter-killings by Naxalites continue. The Naxalites have become protectors of the tribals and the landless poor from the atrocities and exploitation of ex-zamindars, moneylenders, etc. Finding the police administration corrupt and weak, many criminals have also put on the garb of Naxalites. Thus its two strongholds remain in Bihar and Andhra Pradesh.

In Andhra Pradesh after the Telengana insurgency movement from 1948 to 1952 was suppressed ruthlessly, an assurance had been given, that the exploitation of tribals by moneylenders and landlords would be put to an end through legal and administrative measures. Legislation was enacted prohibiting alienation of tribal lands, fixing a maximum rate of interest, putting a ceiling on individual ownership of land, etc. However, these laws were never seriously implemented.

In 1969, the Andhra revolutionaries, particularly those who had experience in the 1948 movement, were quick to react. The movement was started in all fury in Srikakulam District. It spread to Warangal and Khammam districts; isolated instances of murder, dacoity, etc., were taking place in many other districts of Andhra Pradesh too. Cold-blooded and ruthless murders of agriculturists and police informants, dacoities, gun snatching, extortion of money were carried out. The government declared certain parts of the state as 'disturbed areas' under the Suppression of Disturbances Act, 1948. To strengthen the hands of the police, special officers were posted, the strength of police stations increased, a vast armed police force was deployed and extensive combing operations to flush out armed guerilla squads from the forest areas was conducted. By

1977, 2,245 people were prosecuted under various sections of the law, of whom about 1,000 were convicted, and about 250 were in jails in 1977. These legal prosecutions contained the movement to some extent. In the police operations in the field, the encounters between the police and the extremists, from 1969 onwards, were about 287. In some of these encounters there were no casualties on either side. But in others several extremists died and some policemen were either injured or dead.

In 1977, when the Janata government came to power in Delhi, there was a strong reaction among policemen of Andhra Pradesh. They accused the various cover organisations, like the Civil Liberties Union and their supporters, of having intensified propaganda to such an extent as to make serious inroads into the morale of the police force and to create a sense of insecurity among the people. Taking advantage of the political changes in the country, after the March 1977 elections, these activists tried not only to get many prisoners released, but also to weaken the will and the morale of the police so that they would be unable to deal effectively with the situation in future.

The Janata government, under the influence of the civil right activists, appointed in 1977 a retired judge of the Supreme Court to enquire into police encounters with terrorists. This was a foolish move and was rightly resisted by the state government, which did not cooperate with this judicial commission and made it useless. This led to a propaganda war on both sides. The state government pointed out that, (i) the Naxalites had extorted huge sums of money from forest contractors by way of 'levy'. The extortion from 1970 to 1976 were about Rs 25 lakh. They burnt two lorries carrying timber in the Rampachodavaram agency area on April 11, 1977, when the contractors refused to pay 'levy'; (ii) the Centre talked of the constitutional path. Mr. K.G. Satyamurthy, the very active leader of a group of extremists, in the state, denounced the efforts of the Union Home Minister and declared in the court that revolutionaries should never lay down arms and their programme of armed struggle was not negotiable; (iii) it was pointed out by the state

government that the people would lose confidence in the government if the cases against the extremists were withdrawn and they were released; (iv) attention was drawn to the Tapalus incident in Telengana, where five persons were killed, of whom three were axed to death in the presence of their wives and children by the extremists in November 1976; and (v) the state government gave statistics of the crimes committed by the Naxalites till mid 1977 — 140 murders, 200 dacoities, 45 instances of the snatching of weapons, besides several cases of arson. Three hundred and eight-one weapons and 800 bombs were seized from the Naxalites. Out of 2,245 persons prosecuted, over 800 had already undergone various terms of imprisonment while 200 were undertrial prisoners. In view of the effective, though concealed, opposition of practically the entire administration of the state, the judicial enquiry made no headway and was abandoned by the retired judge of the Supreme Court.

The total ineffectiveness of the state apparatus in bettering the lot of the tribals was dramatically exposed when, on April 20, 1981, according to an official version, 13 tribesmen were killed in police firing at Indervelli village in Adilabad district. Most of the leading dailies, both in Delhi and Hyderabad, called it a massacre. According to a fact-finding group of the Andhra Civil Liberties Committee, at least 56 tribals - not 13 as officially claimed - were gunned down and another 9 seriously injured in the police firing. The tribals put the death toll at 100.

While the authorities and the civil liberty activists fought on the facts of this case a few journalists, more inclined to research found that the Andhra Pradesh Scheduled Area Land Transfer Regulation Act, 1959 expressly forbids transfer of land from a tribal to a non-tribal 'under any circumstances'. The Act came into force in 1963 in Telengana, but 18 years later it remained only on paper, with over 1,500 cases pending in the courts.

The state government analysed the cause of the collapse of the Srikakulam movement in two years while it remained strong in Adilabad district. One cause was the attention given to tribal welfare in Srikakulam District. Funds were

therefore released for tribal welfare in Adilabad district, 30 Gonds were employed as village development officers and restoration of land to tribals was planned, in the same manner as it had embarked on economic measures in Srikakulam in 1968.

On December 27, 1987 several IAS officers were kidnapped in East Godavari district. This was a disgrace to the state administration. The release of eight well-known Naxalites in exchange for the IAS officers was achieved as a result of this abduction. This incident emboldened the People's War Group, led by Kondapally Seetharamaiah, which is the most dreaded of the dozen extremist groups in the state. The eight released Naxalites were important couriers and arm dealers and the large quantities of arms seized from them indicated the increased acquisition of sophisticated arms by the extremists in the state. After the reverse suffered by the state administration at the abduction of the IAS officers, there was a sustained drive by the police against the Naxalites.

The police killed earlier during 1984-87 varied between 2 and 25. The second half of 1987 however, saw a number of policemen die: On July 30, six policemen were ambushed and killed by extremists near Doraguda in East Godavari district. On August 18, 10 policemen were shot down in a forest tract of Adilabad district. And on October 8, a constable was killed when the extremists raided a police armoury in Karimnagar. The state of police psychology was one of being under a siege.

The Andhra Pradesh government, like all other state administrations in India, reacted to events as they occurred and did not have any well-thought-out policy of dealing with the problem. While the Telugu Desam government of N.T.R. adopted the stick and carrot policy, the next Chief Minister, withdrew the stick and dangled only the carrot. The results were disastrous. The Naxalites rebuilt their apparatus and used the soft period to improve their firepower and to demoralise the police. In early 1990 there was a tense situation in Kamareddy and Nizamabad towns due to Naxalite activities. A high-level examination showed that: (i) the district administrations were not yet ready with blue-prints to meet emergent

situations; (ii) it was difficult to concentrate forces speedily at the threatened spot due to the shortage of motor transport, the police requisitioning of vehicles through the District Magistrate being a time-consuming process; (iii) the police were deficient in wireless equipment and loud-speakers; (iv) police drivers had to be trained to overcome dangers from land mines; and (v) a better system had to be devised to ensure the security of police stations in the disturbed areas. This was intimately connected with manpower shortages in police stations. The fault lay first with the police department which does not speedily recruit and train men sanctioned by the government and secondly, with the state government which does not sanction posts that are fully justified by their own yardstick. Each Andhra Pradesh Special Police battalion in 1991 was below the required strength by two-thirds or three-fourths of the usual battalion size.

In early 1991, the state government created the post of an Inspector General of Police to command all the Special Police Force battalions as the seriousness of the Naxalite problem was being realised. By April 1992, the strength of the Special Police battalions had been raised to near their sanctioned strength. Help was also received from the Centre's paramilitary forces like the CRPF, BSF and ITBP.

As a result of the continuous raids the position in April 1992 improved considerably. It could no longer be said that the People's War Group was running a parallel administration in Telengana. There was mass surrender of militants in Warangal, Nizamabad and Adilabad. 'Prajha Courts' by Naxalites no longer functioned, land-grabbing by militants came to a virtual halt and they could not even enforce their ban on sale of liquor. Above all, the killings of civilians and policemen showed a dramatic fall in the first quarter of 1992.

Terrorism has thus become a serious problem. The incompetence of the internal security apparatus was being exposed every day. The following elementary lessons were not learnt: (i) the better the general image of the police, the more public response it would get in fighting terrorism; (ii) the judicial system must be revamped to ensure quick justice; (iii) our Pakistan border must be better

guarded to check the inflow of training, money and firearms; (iv) our system of recording, storing and retrieval of information about criminals, especially, terrorists, must be improved; (v) the Internal Security Academy at Mt. Abu must be made the base for comprehensive study, analysis and research in all terrorist activity in India and abroad; (vi) the higher the general efficiency of the police, the better the control on terrorist activity; (vii) the control on firearms and explosives has a direct bearing on the control of terrorism; (viii) police must pay special attention to heroin trade, smuggling and bank robberies as these are all routine sources of financing all terrorist activity; and (ix) above all, there must be no political interference or even political motivation in police operations.

One of the reasons why the administration has not succeeded in curbing terrorism is its inability to reduce the supply of sophisticated weapons to terrorists. In Punjab and in Jammu and Kashmir there is the special problem of smuggling in sophisticated weapons from Pakistan. The folly of arming LTTE militants in Sri Lanka is being reaped by the increased lawlessness in Tamil Nadu, which was a very peaceful state even in the seventies. Above all, political motivation in dealing with law and order problems destroys the confidence of the people.

#### ILLCIT DRUGS, LIQUOR AND ILLCIT FIREARMS

Two of the most serious problems baffling the internal security apparatus in India are illicit drugs and illicit firearms. The problems arose early and got visibly worse in every decade.

At the time of Independence, there was opposition to the British-enacted Arms Act of 1878. The new Government therefore made the issue of firearms licences more liberal by the replacement of the Arms Act of 1878 with the more lenient Arms Act of 1959. Its corrupt implementation made the situation still more dreadful. From the seventies onwards the use of firearms by lawless elements became frequent in West Bengal, Bihar, Uttar Pradesh, Delhi and in the Naxalite-infested areas all over India. The police were often fired upon when they went to control communal riots. In Delhi, during the Sadar Bazar riots of May 1974

there was constant sniping at the police. It was now obvious to everybody that the benefits of the liberal Arms Act of 1959 were mainly reaped by bad characters. As a result, the unarmed civil police became useless in riot situations and had to await the arrival of units of paramilitary forces on the scene. Bad characters had an advantage; while they could use firearms from roof-tops, the police could not easily fire in crowded lanes and by-lanes for fear of killing innocent persons. Even though sophisticated licensed weapons became prohibitively expensive the criminal elements had no difficulty in making these investments to earn by loot and dacoity.

The administration launched periodic drives to seize illicit firearms. The seizures were advertised in the press, but these did not affect the steady increase in the volume of illicit firearms. Also, the courts imposed ridiculously low sentences in the Arms Act cases. By the eighties, it was quite obvious that the problem was beyond the control of state governments. Under pressure of security forces, a few changes were made in the Arms Act but these were only cosmetic in nature. Stringent legislation was needed.

#### *Danger from Illicit Drugs*

Until the sixties, India was considered a model country for the control of opium. The number of heroin addicts in the country was also not very large. The United Nations Single Convention on Narcotic Drugs in 1961 sent warning signals to all the countries. India signed the International Treaty and enforced it on December 13, 1964. Our administration failed to realise at that time that our Opium Act of 1878 and the Dangerous Drugs Act, 1961 had become totally useless weapons to fight this new menace of heroin.

There was a quantum jump in heroin addiction by the early 1970s. The problem was not dealt with at the roots, and punishments were too mild. Temporary solutions were found by detaining big smugglers under MISA. When MISA detenues were released they resumed their illicit trade.

In 1982, the UN's International Narcotics Control Board (INCB) in Vienna reported that India's soft laws, mild punishments to convicted

criminals, easy bail and a generally lax atmosphere had made the country a haven for narcotic smugglers. It became a major transit point for heroin, produced in Afghanistan and Pakistan. Investigations in the USA and Europe pointed an accusing finger at India. All this may not have woken up the Government of India but for the sharp rise in the number of drug addicts in Bombay and Delhi and its spread to schools and colleges. This led to an uproar in the press. The police agencies had been warning since the mid-1970s of this danger, when Singapore and Malaysia prescribed mandatory death sentences. Iran and China started using the Firing Squads from 1979-80. Even the mild British introduced life sentences for heroin smugglers in October 1984. Finally, prodded from all sides, the legal problem was solved by the Government of India on September 18, 1985 when a new Act, called the Narcotic Drugs and Psychotropic Substances Act No. 61 of 1985, was enforced. Another reason which prompted the Government of India to the correct path was the realisation that heroin was the main source of finance for terrorists in Punjab and communal rioters in Bombay.

After the passing of this new Act in 1985, the enforcement authorities in India did reasonably well. According to reliable statistics, the seizures went on increasing from 1984 to 1988. Seizures of 35 kg of heroin were made in 1982; they rose to 2,864 kg in 1986, and 2,716 kg in 1987. In January 1986, there was a raid on a farmhouse in north Bombay and in this one operation alone about 1,200 pounds of heroin was seized. This was the biggest seizure then in the world and several times the annual seizures in the USA. Whatever escapes is shown to some extent in the seizures of heroin of Indian origin in Europe (292 kg in 1987). In spite of the good work done, the problem continues to grow. A 35-page United Nations report, released by the INCB in early January 1987, concluded that the sale of narcotics was closely linked to illegal arms trade and international terrorism. This report specifically mentioned big cities in India like Bombay and Delhi as transshipment points for heroin from Afghanistan. It said that both Bombay and Delhi had a large number of addicts; Delhi was quoted to have over 110,000 heroin addicts.



The problem has been made difficult for India because the Golden Crescent, formed by Iran, Afghanistan and Pakistan, is now a major opium producing area of the world like the Golden Triangle consisting of Burma, Thailand and Laos. In both these world centres the respective governments have no effective administrative control and terrorist and insurgent activities have a free play. Terrorists and insurgents claim a big share in profits from drug pedlars, whom they help in various ways. Both these big centres of world trade now earn much higher profits by refining opium themselves. The Afghan Mujahideens established contacts with Sikh terrorists in Punjab. As terrorism and insurgency become self-financing operations, the danger to India increases.

A few of the hard-core terrorists started their criminal careers as smugglers. The new technique of the Punjab terrorists is to approach known smugglers in their areas and compel them to procure arms for them. In return they are promised protection and sometimes hard cash also. India has long land frontiers. Apart from Punjab, the smugglers also operate across the deserts. The contraband is brought by camels into Gujarat and Rajasthan. The drugs are then concealed in trucks and cars and secretly brought to Bombay via Gujarat. Bombay has the advantage of being a seaport as well.

The experience gained by the large seizures in 1986, and 1987 and early 1988 was utilised to make certain amendments in 1988 to the Act of 1985. One of the main additions is much heavier penalties at conviction. The effective use of the new Act of 1985 also depends to a large extent on the comprehensive maintenance of criminal records. Section 31 provides for enhanced punishment after a previous conviction. In certain offences the convict is subjected to long terms of imprisonment and massive fines. If the prosecution can prove that the convict has earned a lot of money, the magistrate can even impose fines exceeding Rs 3 lakh.

The successful implementation of this Act requires the maintenance of a comprehensive records for the country as a whole so that a previous convict of Bombay does not become a first offender in Delhi or Calcutta. Unfortunately,

criminal records have been badly neglected for the last few years. The department of internal security is to be given credit for creating a national crime records bureau in early 1986.

#### *Illicit Liquor Trade*

It can be a matter of dispute whether more persons die in communal riots or by drinking illicit liquor. It is always the poor, who cannot afford expensive but non-lethal drinks. Mass deaths have taken place in Tamil Nadu and Gujarat - the two prohibition states - as well as in a number of non-prohibition states. Illicit liquor has also been sold in the shape of 'soft drinks'. A recent development in this field has been the manufacture and sale of poisonous intoxicants under the label of Ayurvedic medicines. This medicinal label cannot save it from being called illicit brew. Apart from the police and excise this brings in the Drug Controller's Department to catch the offenders and prosecute them. When deaths occur, the police catch the small fry like petty shopkeepers, but never go in for the big manufacturers who wield both money power and political clout.

In the budgets of the state governments in India, the income from excise (which means alcoholic drinks in state budgets) is one of the main sources of revenue. Every year, the District Collectors auction the contract for liquor sales. The bids go higher in every district on the implicit understanding that the authorities turn a blind eye to: (i) the sale of illicit liquor; (ii) sale during prohibited hours; (iii) sale on prohibited days; and (iv) other illegalities and irregularities.

The powerful liquor contractors and smugglers in Ahmedabad created communal riots when police pressure on them had been stepped up. In the alternative of communal riots, therefore, any state administration would opt for free sale of illicit liquor. In various fields of law and order all that is needed is the political will of the state governments as various mafia gang leaders have political clout.

It is essential to face facts and scrap the word 'prohibition' from the Directive Principles of the Constitution. Liquor should be available at reasonable rates so that the margin between the prices

of government liquor and illicit liquor is not high. Thereafter strict action can be taken against police and excise officers in whose areas illicit liquor is being sold. It will have to be assumed that no such large-scale activity is possible without their connivance. A mere magisterial enquiry, will not do. The base of the evil should be removed, i.e. the factory manufacturing poisonous brew under a licence from the state government. The manufacture and sale of these poisonous intoxicants should be treated as murder, and if an amendment in law is necessary it should be done.

Crime as a business is also indulged in the following kinds of offences: (i) Violation of control or orders - blackmarketing, smuggling and profiteering. (ii) Evasion of income-tax, sales tax and other taxes. (iii) Large-scale cheating, embezzlement, etc. (iv) Organised illicit distillation. (v) Organised '*Satta*'. (vi) Bribery by government officials, etc. Apart from specific evil consequences flowing from each of these crimes, they generate a wrong psychosis to the population. The majority of the people can be heard every day saying that honest, hard work does not pay, that criminals are not made to pay for their misdeeds, that honesty does not pay. This psychology can be exceedingly harmful for a nation, desperately trying to reach the take-off stage in its economy.

#### *Beating of Gangsters and False Encounters*

The difference between an effective IPS officer and ineffective one is often that the hard working, honest and conscientious IPS officer, who is not under the thumb of his SHOs ensures that police beating is controlled and is confined to gangsters who harass peaceful citizens, especially outraging the modesty of their women-folk, who are not willing to lodge formal reports. On the other hand, the dishonest IPS officer, who cannot control his SHOs lets this evil degenerate to a point where policemen beat anyone who annoys them for even personal reasons.

SHOs who earned the lasting gratitude of the population they served had the qualities of: (i) integrity, (ii) adherence to aspects of Indian ethics and (iii) ruthlessness against gangsters.

The issue of fake encounters which arose in connection with the terrorism in Punjab and in Kashmir are discussed by politicians, the intelligentsia and the press. In July and August 1991, the discussion reached its climax due to an allegedly fake encounter in Pilibhit district in Uttar Pradesh.

The public attitude is however, very different. It has suffered so much at the hands of dacoits, kidnappers and militants that there is near total approval of even fake police encounters, as long as those killed are criminals. It may be recalled that while the intelligentsia strongly condemned the Bhagalpur blindings, the locals approved these because hundreds of their near and dear ones had been victims of murder, rape and dacoity at the hands of these criminals.

Genuine encounters have always been much fewer than the fake variety. Fake encounters were not unknown in pre-Independence India, but as the courts functioned efficiently till the early fifties, the number of these encounters was far less. No senior officers encouraged fake encounters, but when the person killed was a notorious dacoit they adopted an attitude of discreet silence.

Idealistic notions about the total separation of the judiciary and the executive and the independence of the prosecution branch from the police led to a worsening of the situation. The delays in courts became so inordinate that conviction rates dropped. The lack of control of the Superintendent of Police over the prosecution branch had the same consequence. Thus a theoretically ideal system led to a situation in which two of the main instruments left now with the police are third degree and fake encounters. The result is just the opposite of what purists desired.

The Punjab Police Commission of 1960-61, under the chairmanship of a retired Chief Justice of the Supreme Court, found only one encounter out of twenty magisterial enquiries genuine. But in its official report it justified all of them. The Commission gave the following two reasons for fake encounters. Considerable evidence had been led to the effect that police made out false encounters with criminals and shot them because they could not obtain sufficient evidence against them to bring them to justice before the courts of

law. People were afraid to appear as witnesses against such anti-social elements in society because of personal danger from them. Instances had occurred where witnesses who gave evidence in such cases were later liquidated by those against whom they gave evidence. Nearly thirty years have passed since this report. Nothing has been done to remove the basic causes of false encounters.

### *Staggering Costs of Internal Security*

In a well-informed democracy the public should have an idea of: (i) the cost of crime to the people; (ii) the cost of internal security; (iii) the various components of internal security and the cost of each component; and (iv) the broad reasons why, if any, the burden on the tax-payer is increasing and how much security he gets out of it.

The emotional cost of crime cannot be calculated. The traumatic effect of murders or severe injuries on the victims and their families is incalculable. Loss of property can be calculated. But police figures are totally unreliable because of deliberate falsification. Also, about two-thirds of thefts and burglaries are never registered at all. But if a big truck is missing one day and recovered the next day a case of theft is promptly registered because it means a huge boost-up - about Rs. 3 lakh - in figures of stolen property recovered. These falsifications are a joy to the officers, and their political masters, who alone bother about these statistics. The public is neither impressed nor amused.

The cost of internal security is rising every year. Its main components are: (i) the state police including its Armed Police battalions like PAC in U.P., PAP in Punjab, SRP in Maharashtra, Gujarat, etc.; (ii) criminal justice system; (iii) jails; and (iv) the Central Reserve Police Force, the Assam Rifles and a part of the Border Security Force which is employed for internal security. The Central Industrial Security Force (CISF) pays for itself, while the Indo-Tibetan Border Police (ITBP) is meant for border security.

Expenditure on all these forces increases as there is need to modernise the police, make criminal justice faster, and the jails a little more humane and not schools for more crimes. One

important reason for the escalation of costs is that the police are prevented from performing their routine duties: registration of criminal offences, arrest of the accused and their prosecution. This exercise is supposed to lose votes at election times especially if the accused have indulged in arson, stone-throwing, etc., for political motives. However, if these people are not prevented they can disrupt normal life in a city. Therefore, the strategy adopted by the administration is to deploy thousands of paramilitary forces to physically prevent bad characters from criminal activities. They could have been safely sent to jail for several cognizable offences in the past. This high-cost, foolish and ineffective strategy is adopted even for communal riots. Instead of locking up the communal agitators in advance they are allowed to deliver provocative speeches, collect firearms, brickbats and petrol. A communal riot, which could have been easily prevented, is allowed to take place and then large amounts are spent by rushing battalions of police force for controlling the situation. The cost of controlling crime and disorder by legal means - registration of criminal offences, arrest, prosecution and conviction or even acquittal - is much less than giving a free hand to gangsters and then preventing them physically by several thousands of policemen. The public is quite unaware of the fact that if criminal laws are not enforced they have to bear the financial burden in two ways; viz., (i) Greater lawlessness and destruction of property and (ii) Sharp increase in budgets of paramilitary forces.

The police force which pays most heavily for daily demonstrations is the Delhi Police. The cost of police arrangements for a demonstration by ten thousand persons is at least a few million rupees, as it means several hours of deployment of more than a thousand persons and large-scale use of motor vehicles, wireless sets, etc. It is not beyond legal ingenuity to allow all peaceful processions, but recover from the participants and organisers the losses, if they indulge in damage to person and property. The State should make them pay for the damages. Democratic freedom should not imply that anti-social elements should be able to make agitation a profitable profession.

Further, we have a judicial system, steeped in

ceremonials, suitable for an age when the workload was not even one-fifth of what it is today. Before 1947, one hearing of a petty pickpocket, lasting an hour, was enough for conviction by a court. At present even when criminals, guilty of heinous crimes, are caught and there is good evidence against them, it may normally take 5-6 years in states like Uttar Pradesh, and Bihar, to get them convicted. The cost of getting a case decided against a rich accused, able to move petitions on small points to High Courts and the Supreme Court, runs to more than a million rupees and the period may exceed a decade. There should be some *via media* between this expensive apparatus and the quick one in totalitarian countries of trial in the forenoon and the firing squad the same afternoon. Unless we can devise a *via media*, the people may get rid of the present system in sheer disgust. There are several criminals in big cities like Delhi, Bombay, etc., who are guilty of organising or taking part in murders and yet the long arm of the law cannot reach them, as bails are often granted as a matter of right for the accused.

There is also the reality of rampant corruption all along the line in the criminal justice system, policy decisions at the political level, the police, criminal courts and jails. The criminals inside the police force have been exposed occasionally, but even those not criminally inclined help criminals, who pay them. The police therefore contribute to the increase in crime, rather than fight it. The corruption in the medical department, in the ministerial staff of the courts, and in jails all work in favour of the criminal. It will be unrealistic to talk of eliminating corruption but if it can be brought down to reasonable levels, it would reduce the burden on the tax-payer.

There is very little benefit of the criminal justice system to the average man, who may be a victim of crime. Many countries have adopted the principle of compensation to a limited degree. The Indian Penal Code permits this, but Indian judges rarely give such punishment. Large projects in the inhospitable hilly terrains of India can be worked profitably by prison labour, who should be paid the normal wages, minus deductions for compensation to the victim of crime. He can be made to pay for food and upkeep. Prisoners sentenced

by Sessions' Courts to long terms of imprisonment, could be sent for such work. There is an appeal to the High Court; the courts are there even to enforce prison rules; and the press in India is powerful enough to prevent gross abuses. It is much more immoral to pile taxes on peaceful citizens, who get very little benefits out of our criminal justice system.

Over the last three decades widespread destruction of property has become an integral part of quite a few protest movements in India. Before the states were reorganised on a linguistic basis, political parties had organised demonstrations, accompanied by destruction of property. A few Chief Ministers took strong action and the damage was contained. The real deterioration came when the central authority became weak after October 1962. Attacks on railway trains, buses, etc., by students became quite common. Very few cases were investigated, only a rare case was sent to court and ultimately it was also withdrawn. This display of weakness encouraged the law-breakers still more and many felt that they were helping their state governments in pressurising the Government of India. The easiest and obvious target was the railways. There were several acts of sabotage to damage machinery during the strike of electricity engineers in U.P. and the Loco Workers' in 1973, the Punjab Electricity Workers' strike in 1974 and the 1979 strike in New Delhi. This tradition of destroying property is getting stronger every day.

The law-enforcing authorities have made a mockery of assurances to Parliament to protect the railways, buses and other public transport from hooligans. Arson or mischief by fire is punishable by life imprisonment and it is the end of the rule of law if such serious offences are committed in full view of passive policemen and magistrates. Delhi Transport Corporation buses have been burnt with magistrates, senior police officers and platoons of DAP men standing by. Many Ministers personally order police officers not to open fire on such occasions.

The deterioration in the crime situation was sought to be concealed by massive non-registration of crimes, as happened in Uttar Pradesh in 1960-61 and 1970-71, Delhi in 1970, and Haryana in 1973-74. The weakening of the law



and order machinery affected several spheres in the life of the common man. (i) Big shopping centres like Connaught Place in Delhi and Hazratganj in Lucknow became haunts for anti-social elements. (ii) Anti-social elements established their permanent headquarters in University hostels. Boys in the age group of 25-30 lived in hostels, and acted as agents of political parties. They had no interest in any academic pursuits. Examinations tended to become a farce, with mass copying as the rule. The honest student, who did not copy, also suffered. The invigilators were afraid of examinees and not vice-versa. Several murders took place in universities like Patna; Vice-Chancellors were attacked and even murdered as in Jadhavpur. (iii) Ticketless travelling became common. (iv) Stealing of electricity and writing off the arrears of electricity dues, became rampant. (v) Encouragement of encroachment on valuable urban land, led to lawlessness and made all town-planning meaningless. (vi) In several districts, especially in east Uttar Pradesh and Bihar, officers are blackmailed and threatened to give contracts to nominees of gangsters. (viii) Political parties often give calls for 'bandhs'. It is the constitutional right of every citizen to pursue his profession in order to make a living and it is illegal to force closure of shops. But the authorities know that gangster power is stronger than theirs' and so most bandhs become successful on account of a sense of fear. The authorities often help this process by ordering buses off the road. In statewide *hartals*, railway trains and air flights are also cancelled.

There are already instructions laid down in Police Manuals that use of force should be avoided; that force, when necessary, should be the absolute minimum and firearms should not be used unless there is a serious and imminent danger to life and property. The police force must faithfully comply with these instructions. But to go beyond these and reduce the police officers to a state where in every situation they have to await instructions from above is to create a state of affairs where, the police forces become practically ineffective, leading to large-scale induction of Central Reserve Police Force and even the Border Security Force and the Army.

A serious consequence has been the creation

of a wide gap between police training and practice. In all police training institutions recruits are taught to uphold the law and to function as agents of the law. A policeman is supposed to react instinctively to save life and property even if it implies a risk to his own life. When these recruits go to districts and start their daily work they are shocked to find that the reality is very different. They are often asked to stand by and watch while property is being mercilessly destroyed. The confidence of a junior police officer is totally destroyed when he sees his seniors not only acting contrary to the law, but telling his men that this is called 'tactful' handling of a situation. In the police training institutions the recruit is taught that arson or mischief by fire is punishable by life imprisonment and he sees these serious offences being committed in full view of passive policemen and magistrates. When the fury of the mob is directed against any religious or linguistic minority it destroys the faith of these groups in the power of the state to save them from oppression. This makes certain fundamental rights illusory. Teachers have no security of life and limbs against student mobs. Factory management have no security when passions run high.

Again, there is the belief amongst gangsters that the government is suffering from a permanent paralysis of will when dealing with politically powerful groups. It could be persuaded to ignore serious destruction of property and even loss of several lives if it could be made to believe that strict legal action would lead to loss of votes. A democratic government must act with restraint and caution especially when the agitation is due to difference of opinion. When force has to be used, all police manuals provide that the force used must be the minimum necessary to achieve the objective. Restraint and caution do not imply that serious crimes like murder, arson, looting and destruction of property and assaults on innocent citizens should be ignored. Hesitation to use force can lead to a much higher scale of lawlessness. As a result the internal security forces have to use bullets where lathi charge may have sufficed.

#### *VVIP Security and Politicians*

The inefficiency of state intelligence agencies

is no longer a matter of doubt. The various ranks of the police have not upgraded their technology or kept pace with the latest developments. Over the last two decades, terrorist organisations all over the world have taken to new weapons, new techniques and better means of communication. A few top police officers have no doubt improved their knowledge, but this has not filtered down. The politicisation of the police and its consequent inefficiency is evident, but the extent to which this factor is responsible for the present malaise in India is known to only a few.

The morale of the security staff itself is not high because they are not handpicked men with high salaries and other privileges. Often they are *persona non grata* with the political executive and are sent there for reasons other than their aptitude or their specialised knowledge of the subject.

The position is much worse for non-gazetted police officers of the rank of inspectors and sub-inspectors. VIP security is one of the few duties in the police in which there is no money to be made. This is in sharp contrast to the investigation of crime or even law and order duties. Any police officer transferred from a police station to security duties is likely to view the move as a calamity. His main endeavour will be to please some influential leader and get back to the police station.

It is not possible for the security staff to agree to each and every site for a public meeting to be addressed by the VIP. The party usually selects the place where the maximum crowd can be collected. While appreciating this, the security staff cannot overlook the fact that in view of the availability of telescopic rifles and other high-tech weapons, the venue should not be adjacent to high-rise buildings. Officers of the rank of Superintendent of Police can give a lot of information as to how local leaders try to browbeat them in this respect.

Another point of serious dispute between the security staff and local leaders is the route of the cavalcade with the VIP travelling in an open car. During elections, local leaders are keen to let the entire city see them sitting close to the VIP. Therefore, no police officer can agree to a route without a large manpower to search and secure all of them. Often, the Superintendent of Police

finds his suggestions overruled by the local party chief. The district Superintendent of Police is rarely backed up by his senior officers. Under these circumstances, going strictly by the Blue Book becomes important.

When the VIP addresses a meeting of several thousands, local party leaders are keen to be seen sharing the dais with the VIP. This is just not permissible under the rules in the Blue Book. In exceptional cases, if the dais is big enough, one or two persons can be accommodated.

### *Security Risk*

It is the rule that only very few persons should receive the Prime Minister at the tarmac at airports. There is such a race for being among the first to garland the Prime Minister that the tarmac becomes crowded, which is a big security risk. Again, not more than one or two cars are permitted to be parked near the plane. However, the Chief Minister and other senior ministers insist on taking their cars inside and a mere Superintendent of Police is unable to enforce the Blue Book. Some of the practical problems that Superintendents of Police come across are: (i) Dependence on the Public Works Department for barricades and rostrum. Often barricades, which are one of the most important devices for keeping the crowd under control, give way. Rostrums, constructed in a great hurry due to paucity of time, are seldom of the desired standard. (ii) District Magistrates are often not willing to displease influential persons. (iii) Anti-sabotage/mine detection and bomb disposal teams arrive at the eleventh hour.

These are a few of the more pressing problems. Apart from this, the police have insufficient strength of metal detector and other specialised staff. The Superintendent of Police in Uttar Pradesh for example, has to depend on a large number of agencies like UPSRTC, Medical and Health, UPSEB, privately owned PA systems, etc.

When there are serious internal security problems these have to be faced by the police in a calm, collected and strictly professional manner. If the police force lacks training, is corrupt, insensitive and is badly officered it can lead to national tragedies which can change the history of nations.

The bad officering may be due to the wrong selection of officers or the officers may be over-anxious to please their political masters and surrender their professional judgement to them. Such a situation exists in most parts of India.

### *Police Inefficiency*

The security forces, among which are the PAC and the CRPF, have had very little training. Proper training is only possible if at least 20 per cent of the force is not deployed and continuously drilled. The deployment rate in both these forces is nearly 95 per cent; as a result there is practically no training. It requires several months of practice to conduct a proper lathi-charge. The men have to learn in what formation to advance, how to wield a lathi and how and where to strike them. One of the best trained police forces in this respect is the Malabar Special Police Force which can disperse a mob ten times its number with a lathi-charge. There are several IPS officers who have no idea of these procedures and consequently do not conduct frequent lathi-handling exercises. The minority of professionally competent officers are often not in the good books of the political bosses and so do not get the chance to utilise their exercise.

The British did not give India a first-rate police force. Owing to political motives after the mutiny of 1857, they gave us a second-rate police force. However, as a result of training and practice it became a good second rank police force. After 20 years of politicking from 1960 to 1980, it had become a third-rate police force when the National Police Commission submitted its eight reports from 1978 to 1981. All of them were shelved and we have now a fourth-rate police force. The position at present is that this force has become a weak instrument for translating the government's good intentions into practice.

### **MORALE OF STATE POLICE FORCES**

The morale of the police force depends upon a number of factors. Most of these factors have slowly disappeared in India.

(i) First, it must be loyal only to the country and the Constitution and it should have no extraneous loyalties.

(ii) Secondly, a police force must have clear-cut directives from the government and unstinted support in all bonafide actions. This was totally destroyed by the early 1970s when law and the Police Regulations were replaced by vote-politics.

(iii) Thirdly, the general health of the police force must be good. This depends upon recruitment, promotion, postings and transfers on merit. There was very little interference in this sphere till the early 1960's but then things started changing fast. Blatant interference in state police forces took place since the mid-1960s. The interference was much less in the paramilitary forces at the Centre and therefore their morale was much higher.

(iv) Fourthly, the leadership of the force must be excellent. Police leadership is in the hands of the IPS. It was a fairly honest service till the 1960s but here also deterioration set in the 1970s and 1980s.

(v) Fifthly, the morale of the state police depends upon the attention paid to the welfare aspect of which housing itself is more important than all other factors put together. Gone are the days when the majority of constables kept their families in villages to look after the cultivation of their land while they worked in cities and lived in barracks. The break-up of the joint family system has made it incumbent on the policeman to keep his wife and children with him. Incidentally, this saves him from evils like prostitution and drinking. The state governments have not been able to spare enough funds to construct police quarters. The house rent allowance is too inadequate to get the policemen even a one-room quarter in a slum area. Such quarters also bring about unhealthy contacts between policemen and criminals.

The Centre must have a policy aimed at stability and continuity based on certain principles which can be understood by the people and the police. The security forces have to be physically fit, well-trained and supplied with the latest weapons. Above all, the people have to be taken into confidence and they should be motivated to support the security forces against the militants. This is not an easy job, but then there is no excuse for not making a start.

In spite of the prevailing atmosphere of corruption there are a number of police officers who, on account of family traditions or intrinsic beliefs or being God-fearing, are honest. These officers are made to work in out-of-the way jobs, where no executive authority is to be exercised. Vindictive Chief Ministers and Chiefs of Police have no compunction in harassing these honest officers for not falling in line.

#### THE IPS OF THE FUTURE

The Indian Police Service has served the government and the elite well but not the people of India. This is mainly due to the atmosphere in which it is working at present. By 1992, a hard core of honest and dedicated officers in the IPS, as in the IAS, find themselves helpless. Politicians and senior officers do not even permit them to register crimes, nor investigate crimes honestly.

#### *Critical Position of India*

India, is at present, in a position somewhat as France was in 1933-40 before the Nazi invasion.

The country is surrounded by enemies on the land frontiers in the west, north and east, while the Indian Ocean in the south is no longer Indian in any sense of the term. Internally, India was never so divided and our border regions in both the north-east and north-west so full of elements who, for reasons right or wrong, are willing to adopt extremist attitudes. The underprivileged, who form practically 60 per cent of the population, think that the politico-economic system is run by people who are out to exploit them; the more the rulers change at the Centre and in the states, the more the system of exploitation remains unchanged. The majority of these underprivileged are essentially good and patriotic, but in their desperation they see their deliverance only in an explosion in which the system is destroyed.

India therefore needs a good internal security organisation. The leadership of this lies with the IPS. The service cannot afford to be manned by persons whose choice for the IPS in the combined civil services examination is perhaps their fourth or fifth. To remedy this state of affairs the scales

of pay and prospects in service should be the same for both the IAS and IPS and it should be the discretion of an objective body to allot candidates to different services on the basis of their suitability.

#### *Longer Service and More Field Experience*

The average service career of an IPS officer is at present about 34 years. This is not long enough for acquiring high-grade expertise. The age of recruitment should be between 20 and 24, as in the past, while the age of retirement should be 62. This will give an average IPS officer 40 years of service, which should be divided as follows: (a) 10 years' service: as Asstt. Supdt. of Police and Addl Supdt. of Police (in the senior scale). (b) 12 years' service: as Senior Supdt. of Police in the field.

IPS officers should not be transferred from field jobs to administrative jobs as DIGs before they have acquired expertise of (i) Charge of two or three districts of which one must have an urban population of at least half a million with problems of labour, university students, etc. (ii) as Commandant of a paramilitary battalion for, at least, two years. (iii) Intelligence or vigilance work.

The administrative scale of pay may be given after 18 years of service, as at present, but the officers must work in the field for 22 years or so. The last 18 years of service can be spent in administrative jobs as DIG, IG and DG. Administrative jobs should not be given merely on the basis of annual confidential reports. An officer's quantum of knowledge should be tested, even by written examinations. The knowledge of an officer should be improved by refresher courses of sufficient duration.

The top posts of Director General should be constitutional posts with a fixed tenure before the end of which no officer can be removed without a procedure laid down for the removal of High Court judges.

#### *How to Ensure Integrity*

Anyone in the public should be able to get a copy by paying a small fee of the (i) Income Tax returns of any IPS/IAS officer. (ii) Five-yearly



detailed property returns of these officers. The newspapers should be free to publish these.

On payment of a higher sum, any member of the public can move the court to order the CBI to enquire into the assets of the officer. In short, the assets of IPS/IAS officers should be like an open book subject to public scrutiny.

No IPS/IAS officer should be permitted to build up extra sources of income, like dividends, farm or orchard income or rent. If he inherits any house he will have to let the government perform the task of renting it so that the officer does not involve himself in *pugree* transactions, etc. Or waste his time in complicated negotiations. There will be special laws to let him have his house back when he needs it for his personal use, say, after retirement.

#### THE BUREAUCRACY

The bureaucracy everywhere and in all ages, has its in-built structure for corruption, nepotism and favouritism. It is difficult for any bureaucracy not to be affected by the prevailing ethos in the country, especially the value-system of their political masters. This has been found to be true of the Indian bureaucracy after Independence. The stalwarts of the Indian freedom movement held the main levers of power till the mid-1960s. As soon as they disappeared and were replaced by opportunists and power-grabbers, standards fell.

The two main services dealing with law and order are the IAS and the IPS. The standards of integrity and devotion to duty have fallen sharply in these two services. A majority of Chief Ministers find dishonest officers better instruments for achieving their personal objectives, which are neither legal or desirable. This is the main reason for the reshuffle of the senior ranks of the bureaucracy as soon as a Chief Minister changes. This exercise becomes specially nauseating once elections are announced. Reshuffles made at the higher levels of the bureaucracy with every change of government in many states is indicative of some degree of politicalisation of the civil services.

Unfortunately, the pernicious trend of rewarding loyal and committed officers ignoring merit or seniority is no longer confined to the States.

During the last couple of years, successive governments at the Centre have also been accused of making certain higher level appointments of officers on considerations of personal closeness and loyalty to the political bosses, disregarding merit and seniority. However, the bureaucracy at the Centre still functions with a degree of efficiency, which is rarely found in state administrations.

One of the reasons for this is that two Civil Service Boards have been in existence for many years at the Central level. One Board, chaired by the Secretary, Ministry of Personnel, deals with service matters like placement and promotion of officers below the level of Joint Secretary. The other Board, chaired by the Cabinet Secretary, deals with similar matters of officers of the level of Joint Secretary. The Cabinet Secretary himself deals with the cases of other higher level appointments. Barring a few occasions the advice and recommendations of these Boards are generally accepted by the Cabinet Committee on Appointments, headed by the Prime Minister. Actually, on several occasions, the state governments were advised to set up similar Civil Service Boards to check the frequency and arbitrariness in the transfer and postings of state government officers. Unfortunately, very few state governments showed much interest in such arrangements.

There are a few standard solutions to the problem of specialists versus the generalists, viz., (i) higher special pay; in the medical world especially qualified people get monthly allowances for their qualifications. The same principle can be extended to technical qualifications, which can be acquired after passing well-recognised examinations; (ii) extension in service; even at present two-year extension in service is permitted to technically qualified people. Extensions are also given to non-technical services, but here the general impression is that it is used as a tool for favouring government servants who have rendered personal services to the party in power. (iii) It should be possible to give extension in service even up to the age of 65 i.e. for 7 years after 58 years to higher grade experts but this power should be exercisable only in consultation with the Union Public Service Commission for certain

higher posts. Moreover, their names should be put up every year for confirmation by the Rajya Sabha as in the USA, where several appointments by the President are subject to confirmation by the Senate.

*These are not foolproof remedies against nepotism but then no cast-iron measures are possible against abuse of power by the government except an enlightened public opinion.*

#### INQUIRIES AGAINST PUBLIC MEN

The trend towards chaos in India cannot be reversed until public life is made cleaner. Nowhere in the world are politicians scrupulously honest, but then there are various shades of corruption and malpractices. In India the tolerable levels were crossed steadily after Lal Bahadur Shastri's death. The nexus between politicians, policemen and criminals has to be weakened considerably, if we have to emerge from intolerable levels to tolerable levels.

The electorate has often thrown out political leaders with a shady reputation in the Lok Sabha elections. This is not always possible in the State Assembly elections, where a dishonest Chief Minister can win over a small assembly constituency on the basis of caste votes plus generous expenditure of public funds on welfare schemes. Therefore, some legal steps are necessary so that action may be taken in proved cases.

The national press, the provincial press and even the local district newspapers are full of allegations of corruption against ministers, members of legislatures, political chiefs of corporations, municipal boards, etc. Quite a few of these allegations are true, while many are wild guesses. As no enquiries are made, the general impression of the public is that a vast majority of them are corrupt. In fact honest people do not want to enter public life lest they should lose a lifetime's reputation in the muck that is overflowing.

Every sensible person in India wants democracy to continue and for the success of democracy it is essential that decent honest men should offer themselves for public office. So it is essential that both honest and dishonest ministers should not be

painted with the same brush. This is not possible unless a system of conducting enquiries is devised as to command public confidence. An enquiry to be conducted should not rest with the Prime Minister at the Centre, or the Chief Minister in a state. There should be an independent investigating agency, not under any government. The conduct of such an enquiry should be on the basis of an application, signed by responsible persons. There should be a penalty clause for those who indulge in character assassination. Once specific allegations, with evidence to support them, are made, the rest of the procedure should be followed until the enquiry is concluded; the minister or other public men should either be found guilty or exonerated. After a finding of guilt or exoneration, the other consequences must follow. These will depend on the nature of charges; for example, automatic disqualification from all public offices for both the corrupt, and for those who make malafide allegations. In short, there should be no Cabinet meetings and no discussions in any forum whatsoever and no one should have the power to hamper or interfere. It is true that a number of persons will be involved in instituting such enquiries and in taking up other decisions but these will be constitutional authorities, not expected to be under the influence of the government of the day; for example, Chief Justices, or the President or the Governors acting in their discretion, chief investigators not under government control, etc.

A machinery needs to be devised by which prima facie charges of corruption and malpractices against public men are properly investigated and taken to their logical conclusion.

#### ABBREVIATIONS

AGP	Asom Gana Parishad
BSF	Border Security Force
CID	Criminal Investigation Department
CISF	Central Industrial Security Force
CPI(M)	Communist Party of India (Marxist)
CRPF	Central Reserve Police Force
DAP	Delhi Armed Police
DIG	Deputy Inspector General
IAS	Indian Administrative Service

IG	Inspector General	SHO	Station House Officer
INCB	International Narcotics Control Board	SP	Superintendent of Police
IPS	Indian Police Service	SRP	State Reserve Police
ITBP	Indo-Tibetan Border Police	ULFA	United Liberation Front of Assam
LTTE	Liberation Tigers of Tamil Eelam	UP	Uttar Pradesh
MLA	Member Legislative Assembly	UPSEB	Uttar Pradesh State Electricity Board
PA	Public Address System	UPSRTC	Uttar Pradesh State Road Transport Corporation
PAC	Provincial Armed Constabulary	USA	United States of America
PAP	Punjab Armed Police	VIP	Very Important Person
PCS	Provincial Civil Service		

## DEVELOPMENT OF ADMINISTRATIVE SERVICES IN INDIA

F.K. Wadia

*The administrative services in India commenced with the appointment of British officers by the East India Company to what was called the Indian Covenanted Civil Service. In 1890, this service came to be called the Indian Civil Service. On the transfer of power in 1947, and the departure of most of the European officers, and a number of Muslim officers opting for Pakistan, an all India service, viz., the Indian Administrative Service was organised to facilitate a certain uniformity of standard of administration in the country.*

### *Beginnings*

The Administrative Services in India commenced with the appointments made of British Officers from England by the East India Company. It was the practice of the East India Company to require its servants before leaving England, to enter into a covenant wherein their privileges were recited and their obligations were defined. The duties of these officers, known as the Indian Covenanted Civil Service (ICCS) included supervision, and to a certain extent the practical administration of certain civil departments. The ICCS represented the junior and senior merchants, factors, and writers who were employed for purposes of trade by the East India Company and whose mercantile denominations were continued long after the occupation of trading had ceased to represent more than a subordinate feature of the Company's operations. In 1765, the Company acquired the Diwani of Bengal, Bihar and Orissa including the right to collect the revenues and to administer the principal branches of civil justice. For some years after acquiring the Diwani, the administration of revenues and civil justice was left in the hands of the Indian personnel, European supervision being gradually introduced. In 1772, the Company began to assume the direct collection of the revenues and the administration of civil justice. In 1790, and subsequent years, the system of civil and criminal justice was entirely remodelled by Lord Cornwallis and the direct administration of all branches of the public service by European Officers was placed on a clear and permanent basis [Aitchison, 1887, Pp. 10-11].

With the anglicization of all appointments, Lord Cornwallis also organised the frame of Government. The 23 districts in the Diwani of Bengal (Bihar and Orissa), each had a British Collector with magisterial powers and two assistants who

were responsible for revenue collection. The judicial system was organised with district judges for both civil and criminal cases. In civil cases, there were four courts of appeal; and in criminal, four circular courts. A new police force replaced the former local constables of the Zamindars. Land settlements were made varying in different parts of British India.

By 1813, the East India Company lost its monopoly of trade in India and in 1833 ceased altogether to be a trading concern. In 1830, the collector in Bengal was made the real head of his district by the addition of civil judgship to his magistracy; he was also disciplined by the institution of commissioners to superintend him. The judiciary was also overhauled by a claim of authority [Encyclopaedia Britannica, 1974, Vol. 9, Pp. 401-403].

In 1833, the policy of appointing Indians in positions of trust was proclaimed as a matter of principle: Indians were to be associated with Englishmen in administration, based on English law. The position Indians were to hold included those of *Munsifs* (subordinate judges) to try civil disputes of property or criminal cases with powers to sentence up to three years' imprisonment. There was no question yet of equality. They could not become members of the covenanted service [Mason, 1985, p. 141].

The British Parliament enacted in August 1858, the Government of India Act, 1858, transferring British power over India from the East India Company to the crown. The Company's residual powers and responsibility over Indian officers were vested in the Secretary of State for India, a minister of Great Britain's cabinet, who was to be assisted and advised especially in financial matters by a Council of India at Whitehall, consisting initially of fifteen members. Although the powers were vested in the Secretary of State, actual control over the Government of India remained



secure in the hands of the British Viceroys in Calcutta and Simla and their 'steel frame' of approximately 1,500 Indian Covenanted Civil Service (ICCS) officials posted 'on the spot' throughout British India. In November 1858, the Viceroy, Lord Canning, reiterated the government's impartiality with respect to race or creed in the recruitment of officers for the ICCS. However, no recruitment of Indians to the service took place. The competitive ICCS examinations were theoretically as open to Indians as they were to the British subjects of the crown, but since examinations were given only in London to horse-riding male entrants between the age of 17 and 22 (maximum age reduced still further to 19 in 1878), by 1869 only one Indian candidate had managed to clear all these hurdles to win admission to the ICCS [Encyclopaedia Britannica, 1974, Vol. 9, Pp. 408-409].

*Report of the Public Service Commission, 1886-87*

In October 1886, the British Government set up a Public Service Commission, with Sir Charles Aitchison as president, to enquire into the scope of 'natives of India to their employment in all branches of the public service connected with the civil administration of the country... to devise a scheme which may reasonably be hoped to possess the necessary elements of finality and to do full justice to the claims of natives of India to higher and more extensive employment in the public service.' The Commission was expected 'to direct its attention mainly to the question of the conditions under which natives of India should be employed in the posts which were ordinarily reserved for the covenanted service, and the questions relating to the admission of natives of India and Europeans, respectively, to those branches of the uncovenanted service which were directly engaged in the executive and judicial administration of the country'. All matters connected with the recruitment of English candidates to the covenanted service in England were to be excluded from the inquiry.

The branches of the public service to be inquired into included: (I) Appointments held by members

of the covenanted civil service, including members of Commissions in Non-Regulation Provinces - (a) *executive* comprising (i) appointments under the Government of India, (ii) the higher administrative and local secretariat appointments, (iii) headships of districts and similar appointments and (iv) sub-divisional charges. (b) *judicial* including (i) judgeships of high and chief courts and judicial commissionerships, (ii) district or special judgeships and similar appointments and (iii) assistant judgeships and similar appointments. (c) *general* comprising the higher miscellaneous appointments held by covenanted civil servants and other members of the rank of assistant commissioners and upward in the Non-Regulation Provinces. (II) Appointments held by members of the uncovenanted service - (a) *executive* including sub-divisional charges, tahsildarships and other appointments corresponding therewith and (b) *judicial* comprising judgeships, judicial commissionerships, subordinate judgeships and *munsifs* [Aitchison, 1887, Pp. 1-2]. The Commission submitted its Report in December 1887.

As regards the covenanted civil service, the Commission recommended that the claims of Indians to higher and more extensive employment in the public service, and the admission of competent Indians of each province to a due proportion of posts hitherto reserved for the covenanted civil service could be best provided by limiting the covenanted civil service posts to only the chief administrative appointments of the governments, and transferring the remaining appointments to a local service to be separately recruited in each province. The use of the term 'Covenanted Civil Service of India' should be discontinued and replaced by the expression 'Imperial Civil Service of India' [Aitchison, 1887, paras 73-75].

Among the other recommendations of the Commission were (a) local recruitment should be made separately by the local governments of the several provinces to meet their own special requirements and that the service so recruited should be called the 'Provincial Civil Service' (PCS); (b) below the Provincial Civil Service there should be a lower service to be called the 'Subordinate Civil Service' - in the Executive Departments, the division between the Provincial

and Subordinate services could be conveniently drawn between appointments of Deputy Collectors/Extra Assistant Commissioners as provincial and Tahsildars/Mamlatdars as subordinate services. In the Judicial Departments the line should be determined separately by each local provincial government, subject to sanction by the government of India; (c) the Provincial service should be filled up partly by promotion from the Subordinate service and partly by recruitment [Aitchison, 1887, paras 75-84]. The intention of the Commission was to meet the claims of Indians to higher and more extensive employment in the civil services by reducing the strength of the Imperial Civil Service and transferring a corresponding number of appointments to the PCS to be recruited separately in each province in India. This would afford careers sufficiently honourable to attract the best Indian talent.

The recommendations of the Commission were generally approved by the Government of India and the Secretary of State. The latter did not agree that certain appointments previously reserved for the Imperial Civil Service should be thrown open to persons who were not members and to amalgamate them with the provincial civil service. He was of the view that each Provincial Government could place on a separate classified list certain posts to which members of the provincial civil service might, subject to certain conditions, be properly appointed. The general scheme of the Commission was modified accordingly. The nomenclature of the covenanted service was changed to the Indian Civil Service (ICS) [Islington, 1916, Pp. 9-11].

#### *The Public Service in 1890-1910*

The recommendations of the Aitchison Commission imparted a great deal of finality in the structure of the public service that emerged at the turn of the century. The executive structure of the Government of India, as constituted, consisted of the Viceroy and Governor-General, who held direct charge of the Foreign portfolio; the Commander-in-Chief in India who also had charge of the Army Departments; six ordinary members of the Viceroy's Council amongst whom were distributed the charge of House,

Finance, Revenue and Agriculture, Public Works, Commerce and Industry, Military Supply and Legislative Departments. The usual tenure of a member was five years. Each departmental office was in the subordinate charge of a Secretary. The Secretaries had under them, Deputy, Under and Assistant Secretaries, together with the ordinary clerical establishments. The Secretaries, Deputy Secretaries and Under Secretaries in all the departments were members of the ICS. The Assistant Secretaries and other subordinate staff were men permanently connected with the Department. The Government of India had no Indian Civil Service of their own as distinct from the provincial governments. The ICS was recruited for, and distributed among the latter, and officers serving under the Government of India were borrowed from the provinces for longer or shorter periods. The ordinary tenure of office of a Government of India Secretariat Officer drawn from the ICS was three years, after which time he would generally revert to his own province. An Under-Secretary may later return as a Deputy Secretary and a Deputy Secretary as a Secretary. The constant flux and reflux of officers between the Government of India and the local governments manned the superior posts in the Government of India Secretariat with men conversant with conditions in the provinces [Hobhouse, 1909, Pp. 11-12].

In all the major provinces, the work of government was distributed among different departments dealing with the principal heads of internal administration, such as Revenue, Judicial and Police, Local and Municipal, Finance, Public Works (Irrigation and General), and Education. The Chief Engineers of the Public Works Department (PWD) were also Secretaries or Joint Secretaries to the local government, while matters relating to other departments were dealt with by Secretaries and Under-Secretaries drawn from the ICS. The senior most Civilian Secretary was termed the Chief Secretary and the other secretaries drew their designations from one of the principal departments with which they were concerned. The organisation of the Secretariats in the provinces was much on the same lines as the Government of India [Hobhouse, 1909, p. 16].

The principal unit of administration was the

district everywhere. Each district was usually split up into a number of sub-divisions, which were in charge either of junior officers of the ICS or of the provincial service. The designations of these officers were either Deputy Collectors or Extra Assistant Commissioners. The functions of these sub-divisional officers, who were also magistrates as well as revenue and executive functionaries, varied in the different provinces [Hobhouse, 1909, Pp. 17-18].

The civil service of the country which dealt with revenue and general administration was divided into (i) the ICS recruited in England by competitive examinations at which Indians could also compete; and (ii) the provincial and subordinate civil services recruited in India and, as a rule, only open to persons who were natives of India or domiciled therein. Members of the ICS held most of the Commissionerships, Collectorates, Deputy Commissionerships and District Judgeships, as well as administrative appointments in the Secretariat and other headquarters, while its junior men were in training for higher functions, generally as Assistants to Collectors. The ICS formed a single service for the whole of India, but its members, on first arrival in the country, were distributed to the different provinces; and though an ICS officer could be borrowed by the Government of India for work at the centre or for temporary service in another province, he was not as a rule transferred from one province to another [Hobhouse, 1909, p. 18].

Each province had its own separate 'Provincial' and 'Subordinate' services, but while it had a free hand in recruiting for the latter, appointments to the former were regulated by rules which had to receive the approval of the Government of India. Provincial civil servants in their capacity as Deputy Collectors or Extra Assistant Commissioners and Sub-judges, discharged responsible executive and judicial functions and were also eligible for a certain number of posts such as those of Collector or District Judge ordinarily held by the ICS. The number of posts of the latter description tenable by Provincial officers was fixed for each province by the Government of India [Hobhouse, 1909, Pp. 18-19].

The distribution of functions between the Government of India and the Provincial or local

governments and Administrations was as follows - The Government of India retained in their own hands matters relating to foreign affairs, the defence of the country, general taxation, currency, debt, tariffs, posts and telegraphs, railways, and accounts and auditing. The share of the Provinces included ordinary internal administration, police, civil and criminal justice, prisons, assessment and collection of revenues, education, medical and sanitary arrangements, irrigation, buildings and roads, forests, and the control over municipal and rural boards. However, even in these matters, the Government of India exercised a general and constant control - Lines of general policy were laid down, administration reports were called for, Imperial Inspector Generals were sent to inspect and advise upon a number of departments, which were primarily administered by the local governments. The control of the Government of India assumed more specific forms. They scrutinized and, when necessary, modified the annual budgets of local governments. Every newly-created appointment of importance, every large addition even to minor establishments, every material alteration in service grades, was to receive specific approval, and in many cases, reference to the Secretary of State was likewise necessary. The practical result was that no new departure in provincial administration could be undertaken without a preliminary sanction from the Government of India or the Secretary of State [Hobhouse, 1909, Pp. 20-21].

Thus upto 1909, 'the Government of India was an increasingly centralized paternal despotism and the world's largest imperial bureaucracy' [Encyclopaedia Britannica, 1974, Vol. 9, p. 409].

*Report of the Royal Commission Upon Decentralisation in India, 1909*

In September 1907, the Imperial Government appointed a Royal Commission Upon Decentralization in India, with C.E.H. Hobhouse as Chairman, to enquire into the relations existing for financial and other purposes between the government of India and the provincial governments and the authorities subordinate to them, and to report whether by measures of decentralization or otherwise the relations could be simplified or

improved and the system of government better adapted both to meet the requirements and promote the welfare of the different provinces, and without impairing its strength and unity, bring the executive power into closer touch with local conditions [Hobhouse, 1909, p. 1]. The Commission submitted its report in 1909.

The Commission recommended that the powers and position of the Collector should be enhanced and he should be recognised as the head of the district in all administrative matters. With regard to financial matters, the Commission recommended relaxation of controls of the Government of India over provincial governments; these included creation of new posts, delegation of powers to heads of departments, fixation of salaries, appointments of officers in the departments of Public Works, Forests, Agriculture, Health, Education, etc. The provincial governments should have the freedom in the transfer and posting of their provincial and subordinate staff.

The Commission enumerated the powers to be given to the Commissioners of divisions and Collectors of districts: The Commissioner was to have (a) full rights to call for any information from the officers of the departments/districts under him; (b) a voice in the secondary and collegiate education and in respect of training and technical schools; (c) larger financial powers; (d) power to appoint tahsildars and officers of like standing; (e) post junior Civilian and Deputy Collectors within their divisions and (f) invest officers with judicial powers. The Collector should (i) be recognised as the head of the district in all administrative matters, (ii) be able to call for information from officers of special departments, (iii) have a weighty voice in regard to the distribution of irrigation water, outlay on provincial roads and other matters dealt with by the public works department, (iv) his position in regard to public matters should not be weakened, and (v) have larger financial powers.

Steps should be taken to prevent an officer from spending too much time in the Secretariat or headquarters service. It should be a necessary qualification for appointment to an Under-Secretaryship in a province, that the officer has spent at least four years in district work and for appointment as Secretary, at least eight years in

district service. District service should include appointments as Settlement Officers, Directors of Land Records or Commissioners of Excise.

A sub-divisional system should be universally applied. The sub-divisional officer (SDO) should be a Collector having tahsildars of the sub-division under him and dealing with revenue matters. The SDOs should (i) deal with the appointment and removal of village officers, and of junior clerks within their sub-divisions; (ii) hear appeals in criminal cases from second and third class magistrates in their sub-divisions; and (iii) reside mainly in the sub-division under their charge but may spend some portion of the year at headquarters if the local government considered it expedient.

The Commission recommended the constitution and development of village panchayats for the administration of certain local affairs within the villages. The functions of panchayats were to be determined by local circumstances and experience, viz., (i) summary jurisdiction in petty criminal and civil cases; (ii) incur expenditure on the cleansing of the village and minor village works; (iii) construction and maintenance of village school houses and with some local control in respect of school management; and (iv) management of small fuel and fodder reserves. The headman of the village should be ex-officio chairman of the panchayat and not more than five members should be elected by the villagers. [Hobhouse, 1909, Pp. 297-320].

#### *Report of the Royal Commission on Public Services in India, 1916*

In 1912, Government appointed the Royal Commission on Public Services, with Lord Islington as chairman to examine and report, in connection with the Indian Civil Service, and other civil services both Imperial and Provincial, upon (i) the methods of recruitment and the systems of training and probation; (ii) the conditions of service, salary, leave, and pension; (iii) such limitations as existed in the employment of non-Europeans and the working of the existing system of division of services into Imperial and Provincial; and (iv) generally to consider the requirements of the Public Service, and to make

such changes as may seem expedient [Islington, 1915, p. 2].

The Commission submitted its report in August 1915. The Commission reviewed the recommendations of the Aitchison Commission of 1886-1887, and the changes that had taken place since then, and commented that the India of 1886-87 was very different from the India of 1915 - with the development of the country there had been a considerable growth of specialisation in the departments, some of which were commercial or quasi-commercial in character.

The Commission recommended that (a) where it was necessary to organise the public services into higher and lower branches, this should be arranged on the basis of the work which was required to be done and not, as was the case in some instances, of the race of, or the salary drawn by, their members or any such artificial distinction; (b) officers promoted from a lower into a higher service should ordinarily be given the same opportunities as officers who had been directly recruited, except in the case of the ICS; all promoted officers should be made full members of the service to which they were promoted; (c) the practice of employing military officers in the medical, public works, railways and Survey of India departments, and of the ICS in the post offices, Northern India Salt Revenue, Indian Finance and Customs Department, etc., should continue; (d) the provincial services should be designated by the name of the province service (e.g. Bombay Civil Service); (e) services for which recruitment was made normally in India, should continue to be recruited in India. The rest of the services should be divided into three main groups viz. (i) the IPS and ICS whose officers should be preponderantly recruited in Europe; (ii) for services like education, medical, public works, etc., in which the personnel were an admixture of both western and eastern elements, arrangements for recruitment should be made both in India and Europe; and (iii) for scientific and technical services like agriculture and veterinary departments, recruitment should be eventually in India; (f) in the conditions prevalent in India, no general system of competitive examinations as a means of entry to the public services was suitable; (g) technical institutions

should be set up in India and expanded so as to increase the number of non-Europeans employed in government service, (h) direct recruits should be on probation for two years; (i) in fixing the salaries of their employees, government should pay so much and so much only as was necessary to obtain recruits of the right stamp, and to maintain them in such a degree of comfort and dignity as would shield them from temptation and keep them efficient for the term of their service. Officers should be remunerated by an incremental scale of salaries in the compartment system [Islington, 1915, Pp. 10-11].

The Report of the Islington Commission was signed in August 1915, when the World War I was in progress. Consequently, the proposals of the Commission were deferred and the Report was not published until January 1917. Three new factors arose after the War: (a) the special stress laid on the increasing association of Indians in every branch of the administration; (b) the policy directed towards the progressive realisation of responsible government; and (c) the marked change in the cost of living, with the rise in prices during and after the War. The Islington Commission Report had therefore become obsolete [Lee, 1924, Pp. 4-5].

*Report of the Indian Constitutional Reforms (Montagu and Chelmsford), 1918*

In pursuance of the policy announced by the British Government of the progressive realisation of responsible government in India, the Secretary of State (Mr. Montagu) visited India in the winter of 1917-1918 and together with the Viceroy, Lord Chelmsford, submitted their report on Indian constitutional reforms. An examination of the working of the various administrative departments of the Government at headquarters was made and the delays in decision making was commented upon: 'A further cause contributing to delay is that the departments at headquarters are now over-worked. It is often over-looked how small is the staff which carries on the work of the great departments. Normally it consists of a Member-in-Charge, a Secretary, a Deputy Secretary and an Under-Secretary. The remainder of the staff is purely clerical. ... Further, the higher



staff of the Secretariat is not permanent, because rightly or wrongly it has always been held desirable to maintain touch between the headquarters officer and the districts. Men are selected from the administrative staff, serve for a time in the offices, and return to administration. One result of this discontinuity is, that question which a permanent civil service can safely dispose off by word of mouth, become the subject of continuous minuting. Changes of personnel necessitate a record of the questions and the aspects of the questions considered. We express no opinion on the system but it requires detailed examination' [Montagu-Chelmsford, 1918, para 269].

The Report, however stated that 'the characteristics which we have learnt to associate with the Indian public services must as far as possible be maintained; and the leaven of officers possessed of them should be strong enough to assure and develop them in the service as a whole. The qualities of courage, leadership, decision, fixity of purpose, detached judgement and integrity in her public servants will be as necessary as ever to India. There must be no such sudden swamping of any service with any new element that its whole character suffers a rapid alteration .... The solution lies in recruiting year by year, such a number of Indians as the existing members of the service will be able to train in an adequate manner and to inspire with the spirit of the whole' [Montagu-Chelmsford, 1918, para 314].

The Report recommended the following measures for the recruitment of Indians 'of a satisfactory standard': (a) removal of the remaining distinctions based on race; appointments to all branches of public service to be without racial discrimination; (b) for all public services for which recruitment was in England to Europeans and Indians alike, there must be a system of appointment whereby a definite percentage of recruitment was made in India; (c) 33 per cent of the superior posts (ICS) should be recruited for in India and this percentage be increased by 1.50 per cent annually until a new Commission was appointed to examine the whole problem; (d) it was necessary to improve the conditions of service and pay to secure European recruitment which was regarded as essential; (e) the rates of

pay and other privileges should be reconsidered with reference to the rise in the cost of living and the need for maintaining the standard of recruitment; (f) rates of pay for recruitment in India should be fixed for all public services, but a suitable allowance be granted to persons recruited in England or on account of qualifications obtained in Europe [Montagu-Chelmsford, 1918, paras 315-322].

The Report's main recommendations were in connection with the policy of 'the progressive realisation of responsible government' in India. With the submission of the Report, the British Government passed the Government of India Act, 1919 which introduced changes in the provincial administration by providing 'transferred' and 'reserved' subjects. The list of transferred subjects included (i) local self government, (ii) medical administration, public health and sanitation, (iii) education, (other than European and Anglo-Indian Education and Central Universities like the Banaras Hindu University), (iv) agriculture, (v) veterinary department, (vi) co-operative societies, (vii) excise, (viii) registration, (ix) religious and charitable endowments, and (x) development of industries. The powers to control officers in these departments rested with the provincial governments, except in the case of the officers belonging to the ICS, IPS and other 'imperial services'. In order to allow European officers working in the provinces in the transferred subject departments to prematurely retire, a Resolution was issued in November 1921 by the Government of India, stating that the constitutional changes introduced by the Act of 1919 had affected the structure of the Central Government and that of the Provincial Governments unequally. Pending any further constitutional development, applications for permission to retire prematurely would be considered and received from officers serving with the Provincial Governments.

The Act of 1919 also provided for the setting up of a Public Service Commission (PSC) for recruitment for the services in India. But the provincial governments opposed the extension of its powers to cover recruitment for the provincial services. The establishment of the PSC therefore remained suspended.

*Report of the Royal Commission on the Superior Civil Services in India, March 1924*

The uncertainty of the civil service and the check in the flow of European recruits to the Indian Services, resulted in the setting up of another Royal Commission in June 1923 with Viscount Lee of Fareham as chairman. The terms of reference of this Commission were to enquire into (1) the organisation and general conditions of service, financial and otherwise of these Services; (2) the possibility of transferring immediately or gradually any of their present duties and functions to services constituted on a provincial basis; and (3) the recruitment of Europeans and Indians respectively for which provision should be made under the Constitution established under the Government of India Act, 1919, and the best methods of ensuring and maintaining such recruitment; and to make recommendations [Lee, 1924, p. 111]. The Commission submitted its Report in March 1924.

The Commission dealt only with the Superior

Civil Services in India. These services were divided into two classes according as they administered subjects which were under the direct management of the Central Government, or subjects which were primarily controlled by the Provincial Government. The former class consisted of the Central Services which dealt *inter-alia* with the Indian States and frontier affairs, the administration of the State Railways, with Posts and Telegraphs, Customs, Audit and Accounts and with scientific and technical departments such as the Survey of India, the Geological Survey, and the Archaeological Department. The other class which worked primarily under the Provincial Governments comprised the All-India Services. These included the Indian Civil Service, Indian Police Service, Indian Forest Service, Indian Educational Service, Indian Agricultural Service, Indian Veterinary Service, Indian Forest Engineering Service, Indian Medical Service and Indian Service of Engineers. The strength of these services in January 1924 was as in Table 1.

TABLE 1. THE ALL-INDIA SERVICES

(As on January 1924)

Service	Sanctioned Strength	Actual Number
Indian Civil Service	1,350	1,290
Indian Police Service	732	739
Indian Forest Service	399	348
Indian Educational Service	421	345
Indian Agricultural Services	157	109
Indian Forest Engineering Service	18	17
Indian Medical Service (Civil)	420	373
Indian Service of Engineers	728	716
ALL SERVICES	4,279	3,975

Source: Lee, 1924, p. 4.

These services were recruited by the Secretary of State for work in any part of India, but formed one service each, with one basis of remuneration [Lee 1924, Pp. 3-4].

The Commission classified these services further as (i) services operating in the reserved fields of administration, (ii) those operating in transferred fields, and (iii) the Central services under the Government of India. Those operating in the reserved fields of administration were the Indian Civil Service, Indian Police Service, the Irrigation Branch of the Indian Service of Engineers and the Indian Forest Service. The Com-

mission recommended that the officers for these services should be continued to be appointed and controlled by the Secretary of State for India in Council. As regards Indianisation of these services, a proportion of 50 per cent Europeans and 50 per cent Indians for the ICS, should be attained within 15 years from the time the new rate of recruitment came into force. For the IPS, 50 per cent were to be Europeans, 30 per cent Indians directly recruited and 20 per cent Indians obtained on promotion from the Provincial services. Recruitment for the Indian Forest Service was to be in the ratio of 75 per cent Indians and 25 per

cent Europeans, while for the Irrigation Branch of the Indian Service of Engineers, 40 per cent were to be Europeans, 40 per cent directly recruited Indians and 20 per cent promoted from the Provinces [Lee, 1924, Pp. 7, 65].

The services operating in the transferred field included the Indian Educational Service, the Indian Agricultural Service, the Indian Veterinary Service, the Indian Forest Service in Burma and Bombay and the Roads and Buildings Branch of the Indian Service of Engineers. The Commission recommended that the personnel required for these branches of administration should, in future, be recruited by the local governments. Powers should be delegated to the Provincial Governments to make rules to regulate these services together with the Provincial Services [Lee, 1924, Pp. 7-9].

For the Central Services, all appointments to the Political, Imperial and Ecclesiastical Departments should be made by the Secretary of State; all appointments to the remainder of the Central Services should be made by the Government of India, except for the State Railway Engineers, the Superior Revenue Establishment of the State Railways and the Superior Telegraph and Wireless Branch which should continue to be made by the Secretary of State. The proportion of Indians to be recruited for these services was also spelt out [Lee, 1924, Pp. 9-10, 66].

The Commission recommended that the Public Service Commission (PSC) contemplated by the Government under the Act of 1919 should be constituted without further delay. It should be an all-India body and consist of five Commissioners of the highest public standing, detached so far as practicable from political associations, and possessing in the case of at least two members high judicial and legal qualifications. The PSC should be charged with the duty of recruitment for the all-India Services, as the agent of the Secretary of State, so far as it carried out in India, and of recruitment for the Central Services as the agent of the Secretary of State, the Government of India or the local governments, as the case may be. The PSC should be the final authority for determining the standards of qualifications and the methods of examination for the Civil Services so far as recruitment in India was concerned. The PSC

should also be given certain functions of quasi-judicial character in connection with the disciplinary control and protection of the Services.

Apart from the determination of standards of qualifications and methods of examination, the PSC was not to ordinarily be concerned with the provincial services. Its knowledge and experience was to be merely placed at the disposal of the local governments, if desired. The chairmen of the provincial selection boards were to constitute the link between the PSC and the local governments [Lee, 1924, Pp. 63-64]. Government set up the Public Service Commission in 1926, primarily for the selection of all-India and Central Service officers.

The Commission recommended enhancement of the pay and allowances of a number of services, as also of pensions, overseas allowance, passage allowance, etc. These new pay structures were to come into effect from the financial year 1924-25. The Government generally accepted the Lee Commissions recommendations with regard to the various services.

#### *Report of the Indian Statutory Commission, May 1930*

Section 84A of the Government of India Act, 1919, required the setting up of a Commission within ten years of the passing of the Act to enquire into the working of the system of government, the growth of education and the development of representative institutions in British India, etc., and to report on the same. Accordingly the British Government set up in November 1927, the Indian Statutory Commission with Sir J.A. Simon as Chairman, to inquire into the matter. The Commission submitted its Report in May 1930 [Simon, 1930, Vol. I, p. xiii].

The Commission dealt chiefly with the constitutional changes that were necessary in the country, mainly as a federal structure. With regard to the services, the Commission recommended that the ICS and the IPS which it called 'Security Services' should continue to be recruited as All-India Services by the Secretary of State and their existing rights be maintained. It was a matter for consideration whether the Irrigation Service and the Forest Service should not be similarly

recruited. The Commission also recommended the establishment of provincial public service commissions for selection of officers for the provincial and subordinate services [Simon, 1930, Vol. II, p. 286-298].

*Report of the Government of India Secretariat Committee, 1936*

The passage of the Government of India Act in August 1935, resulted in certain administrative changes in British India. These were the attainment of eleven Governor's provinces, the Chief Commissionerships of Delhi, Ajmer-Merwara, Coorg and the Andamans and the Agency of British Baluchistan. The Act provided for a federal structure, with regulative powers given to the governor's provinces for specified subjects. The powers were linked under federal, provincial and concurrent. With a certain amount of autonomy granted to the provinces, the question arose whether the prevalent system of obtaining officers for specified periods at the Centre from the Provinces should be continued. Government set up a Secretariat Committee with Mr. H. Wheeler as Chairman to look into the matter. The Committee was set up in October 1935, to examine (a) the system under which officers were obtained from for the superior posts (Secretary, Joint, Deputy and Under-Secretaries) in the Government of India Secretariat, (b) the methods of office procedure, and (c) so far as may be necessary in connection with (a) and (b), the organisation of the clerical staff, and to recommend such changes as required to secure the more efficient and expeditious despatch of public business, particularly under the constitution to be established under the Act of 1935 [Wheeler, 1936, p. 1].

In its report, submitted in March 1936, the Committee recommended that the staffing of the Government of India Secretariat by officers drawn from the provinces was sound and should not be changed. To allow an officer to progress from Under to Deputy to Joint Secretary and Secretary in the same department was not good either for the department or for the officer himself. The periodical infusion of fresh blood was advantageous to the department and work of a

different type saved the officer from becoming stale. Moreover, if an officer remained too long in the same groove, it made him unfit for any other assignment; also protracted service under the Government of India got him out of touch with local conditions. Up to the stage of a Secretary, a tenure at the Centre should be followed by a spell of administrative work, preferably with the provincial government [Wheeler, 1936, Pp. 18-19]. The tenure of an Under or Deputy Secretary should be three years, on completion of which the officer should ordinarily revert to his province. For Joint Secretaries and Secretaries the tenure should be for five years.

The Committee recommended that for the Foreign, Political and Legislative Departments as also in specialised departments of Finance and Commerce, the tenurial system need not be followed. The retention of the ICS Officers in the Indian Audit and Accounts, Customs and Income Tax Departments should continue.

The system of appointment and administration therefore continued, as hitherto even after the coming into force of the Government of India Act, 1935. The Act of 1935 which came into force from April 1937 provided that every member of the Civil Service in India, or one who held any civil post under the crown in India, held office during 'His Majesty's pleasure'. No such person was to be dismissed by an authority subordinate to that by which he was appointed. Appointments to the ICS, IPS and the Indian Medical Service (Civil) were to be continued to be made by the Secretary of State, until Parliament otherwise determined.

*Independence and After*

With the commencement of World War II in September 1939, recruitment to the ICS was stopped by the Secretary of State. The vacancies that arose, as a result, were filled by recruitment in India or by promotion from the provincial services to the ICS. It was estimated that about 217 vacancies had resulted with the termination of recruitment. On the transfer of power to the Government of India in August 1947, barring a few exceptions, most of the European officers relinquished their jobs in the ICS and left India. A large number of Muslim civil servants opted

for Pakistan on the partition of the country. The strength of the Indian civil service was thus severely depleted by the end of 1947.

'Several months before the transfer of power, the Government of India had reached a decision, in agreement with the provincial governments, that the Indian Administrative Service (IAS) should be organised as an All-India Service to take the place of the ICS. Details regarding the fixation of cadre strengths, scales of pay and many of the conditions of service were worked out in the course of 1947 and early 1948. The first batch of recruits - from among 'war service' candidates was selected early in 1947 and the second batch, from the results of a competitive examination held in July 1947 was selected during 1948' [Ministry of Home Affairs, 1949, p. 1]. The broad objectives in providing for the scheme of All-India Services spelt out at that time were, (i) facilitating liaison between the Union and the States; (ii) ensuring a certain uniformity in standards of administration; (iii) enabling the administrative machinery at the Union level to keep in touch with realities at the field in the States; (iv) helping State administrative machinery to acquire a wider outlook and obtain the best possible talent for its senior posts; and (v) ensuring that political considerations either in recruitment or in discipline and control were reduced to the minimum, if not eliminated altogether [Sarkaria, 1988, Part I, p. 219].

While these beginnings in the organisation of the new service were taking place, the ICS broke up and suffered, as mentioned earlier, a very large depletion in its strength. More than three-fifths of the total number of ICS officers was lost, leaving a total strength of less than 400 officers. The loss created two problems. One was the making of temporary arrangements for carrying on; and the other, the organisation of recruitment on a scale sufficient to make good as large a proportion as possible of the abnormal gap which had been caused. In the circumstances, this recruitment necessarily had to take the form of the initial constitution of substantial part of the IAS, whose organisation, in principle, had already been decided upon.

As regards temporary arrangements, a rapid review was made of the posts formerly held by ICS officers at the Centre. Alternative sources of

available manpower were examined. A reserve of temporary officers on contract known as the 'General Administrative Reserve' was constituted on the basis of the selections made by the Federal Public Service Commission from among 'war-service' candidates and temporary officers of Government with administrative experience. The remaining vacancies at the Centre were filled by promotion of officers in the Secretariat and other Services. In the provinces, the gap was filled largely by officers of the respective provincial services. A number of ICS officers were withdrawn from the judiciary and appointed to hold executive posts [Ministry of Home Affairs, 1949, p. 1].

*Report of Secretariat Reorganisation Committee, 1947*

Government also appointed in July 1947 a six member committee headed by Sir Girija Shankar Bajpai to investigate into the question of personnel shortages, better utilisation of the available manpower and improvement of methods of work by the Central Secretariat in the wake of the problems arising out of the partition of the country. The Committee submitted its report in August 1947. It recommended the appointment of the provincial civil service officers to posts in the Central Secretariat, re-employment of suitable retired officers and reorganisation of the method of work in the Secretariat.

*Report of the Reorganisation of the Machinery of the Government, 1949*

In November 1949, a one-man committee with Shri Gopalswamy Ayyangar, made a comprehensive review of the working of the machinery of the Central Government. The report stated that there was need for carrying out organisational changes in the set-up of the machinery of the government; there was insufficient coordination in the framing of policies and plans and inadequate speed and efficiency in their execution. Improvements could be brought about by (a) organisational changes in the set-up of the machinery of the government; (b) improvements in the sphere of personnel administration and in

the calibre of personnel employed; and (c) improvements in the methods of administrative and financial transactions of government business. The main changes recommended were (i) the central secretariat should be divided into 37 primary units of organisation consisting of 28 departments, 8 central administrative offices and a cabinet secretariat; (ii) a distinction should be made between the department as an organisational unit and a ministry as an organisational unit; 28 departments should be accommodated within 20 ministries; (iii) a new grouping of ministries responsible for economic and social services should be established under the name of bureaux. There should be a Bureau of Natural Resources and Agriculture, a Bureau of Industry and Commerce, a Bureau of Transport and Communications and a Bureau of Labour and Social Services; and (iv) the cabinet organisation should be strengthened by the establishment on a permanent basis of certain standing committees of the cabinet, in addition to *ad hoc* committees set-up from time to time [Ayyangar, 1949, p. 1].

Each department should constitute a clearly manageable charge for one secretary and the responsibility of the secretary should be complete and undivided. The secretary should be assisted by a deputy secretary or head of a division, under-secretary or head of a branch and section officers and assistants. The separate grade of additional secretary was unnecessary and should be abolished. A secretariat organisation consisting of three deputy secretaries, each in charge of one secretariat division should be regarded as the upper limit of the manageable charge of a single secretary unassisted by a joint secretary. A similar organisation with five deputy secretaries and five secretariat divisions with a 'wing' located in it could be the ordinary upper limit of the manageable charge of the secretary assisted by a joint secretary [Ayyangar, 1949, p. 2].

Government generally accepted the constitution of development heads under a secretary and other personnel and left it to the Ministry of Home Affairs to take action in the matter in consultation with the other ministries and departments.

*Second Report of the Estimates Committee of Parliament on Reorganisation of the Secretariat and Departments of the Government of India, 1950-51*

The matter was considered again by the Estimates Committee of Parliament who submitted their report in February 1951. The Committee recommended that in order to secure coordination of work and unified control over allied subjects and policies, action should be taken to reorganise the work of the Secretariat on better and more methodical lines. The Ministry of Home Affairs were asked to expedite the action they were to take over the 1949 Ayyangar report. The Committee agreed that the posts of additional secretaries were unnecessary and should be abolished. The posts of joint secretaries, deputy director general, etc., created for supervisory duties should also be done away with. If in exceptional circumstances it became necessary to appoint a joint secretary, he should be given independent charge of work and made finally responsible for it. The old system according to which officers deputed from States to the Centre, had to return to their respective Governments, after completion of their tenure, should be restarted. At the junior levels, the Committee recommended that posts of Assistants created for routine or semi-routine type of work should be down-graded and the less important duties entrusted to clerks (II) which cadre should be reintroduced [Ayyangar, 1951, Pp. 23-26].

*Report on Public Administration, 1951*

In early 1951, the Planning Commission, requested Shri A.D. Gorwala to examine the existing administrative machinery and methods, and to assess how far they were adequate to meet the requirements of planned development. Shri Gorwala submitted his report in April 1951. The report highlighted the faulty relationship between the Secretariat and the head of the department working under it, and the relationship between the administrative Ministries and the Finance Ministry. There was need for delegation of certain financial powers to the administrative ministries and heads of departments. Attention was also



drawn to the friction between the Ministers and their Secretaries. The report laid emphasis on proper recruitment, training and organisational methods. The best approach to the problem of public administration should be '(a) giving first place to first things and making the best use of the best people; priorities for policies and personnel; (b) insisting on standards of integrity, implicit and explicit; ... (c) ... proper readjustment of the human relations involved in Government and administration; (d) reorganising the machinery so as to ensure greater speed, effectiveness and responsiveness; and (e) arranging for proper training, for the short-term as well as the long-term, and planning proper recruitment for the long-term' [Gorwala, 1951, p. 7].

#### *The First Five Year Plan, 1951-56*

The First Five Year Plan stressed the responsibility of the higher ranks of the public services for improving administration and achieving integrity, efficiency, economy and public cooperation. 'Cabinets have to provide the machinery and the administrative leadership which can exert itself in favour of reform and improvement. In the Central Government, the object could perhaps be promoted best by placing the Secretary to the Cabinet in a position analogous to that of the Permanent Secretary to the Treasury in the United Kingdom. To some extent this has already been achieved. The Cabinet Secretary should thus become the principal official adviser to the Cabinet and to the Prime Minister and other Ministers on important problems of administration. In the States, the Chief Secretary should fill an analogous role. He might be relieved of some of his routine duties so that he could give greater attention to the problems of coordination and administration' [Planning Commission, 1953, p. 115].

The Plan stated further that 'both in the Central Government and in the States, a small number of public servants carry a heavy burden of responsibility without adequate assistance. Much of their time has been given to work which was formally done at lower levels. Increasingly, while each agency of government is accepting new responsibilities, the stage at which effective

decisions are taken within any department is being pushed upwards. This has cumulative effects in as much as the process affects the entire business of government and results in loss of efficiency both in the making of policy and in its execution. For the administrative machine to be equal to the problems which beset it, many changes in methods of work and organisation and an outlook of innovation are called for.'

'During recent years, mainly because new responsibilities have had to be assumed or new policies evolved, secretariat departments have had to take up an increasing amount of original work. The line between the work of a secretariat department and an authority subordinate to it is not always easy to draw. It would be useful if the Central Government could undertake a systematic review of the new functions which secretariat officers have accepted during the past few years and consider whether some of them, at any rate, could now be made over to subordinate authorities. A similar review might be useful in the States. Where separate departments or other executive organisations exist, it is essential that the heads of a department or attached or subordinate office should be able to function with reasonable freedom and initiative and, at the same time, with the knowledge that he has the Ministry's confidence. The problem generally resolves itself into one of establishing a clear line of responsibility between a secretariat and a department and, secondly, to one of enabling departments to function with maximum effectiveness' [Planning Commission, 1953, p. 119].

As regards personnel requirements, the Plan divided them broadly into three categories: '(a) administrative (including economic), (b) scientific and technical, and (c) subordinate and clerical. The administrative personnel consists, in the main, of the members of the Indian Civil Service and of its successor, the Indian Administrative Service, and in the States includes also members of the State administrative services. In the States, besides the ordinary work of the administration, the administrative services provide personnel for executive duties in the field of development. Their numbers are, however, small, and complementary personnel for technical jobs is inadequate. At the

Centre, there are not enough men with the necessary experience and qualifications (a) to undertake work in connection with the framing of economic policy and the study of economic problems and (b) to manage public enterprises in the field of industry or handle executive duties relating to the regulation and control of trade and industry. In the ranks of the subordinate and clerical personnel also there are gaps, but these are associated not so much with numbers, as with lack of experience, lack of training and supervision and, to some extent, with faulty methods of work and organisation' [Planning Commission, 1953, Pp. 119-120].

'The steps which have been already taken for the organisation of the Indian Administrative Service provide for trained administrative personnel for manning responsible posts at the Centre and the States. As the functions of Government expand there are three directions in which it will be necessary to supplement the existing arrangements: (i) for doing work which may broadly be described as economic policy and administration; (ii) for managing industrial enterprises belonging to the Central or State Governments; and (iii) for work connected with development, land reform and food administration. In the first two fields of activity the need will be primarily that of the Central Government; the third lies mainly in the States. ... So far as the first category is concerned, the principal problem is to secure that the administrative services should have a sufficient number of officers with the necessary economic experience and background. To achieve this object, we have three proposals to make. In the first place individuals with high academic qualifications or special experience in the economic field should be drawn into the administrative service. There should be scope for drawing persons so equipped into the administrative service at age limits somewhat above those at which initial recruitment is made through competitive examination. In this connection, a higher age limit, upto 30 years, for instance, could be considered. Officers selected in this manner should first be put through the necessary administrative training. Secondly, a proportion of the junior officers of the administrative service should be selected at an early stage in their careers

and given intensive training in the economic field within the Government, with suitable business houses and, if necessary, abroad. Thirdly, the practice already exists and could be further developed for obtaining for responsible senior positions, individuals with special experience and knowledge from other fields such as universities, banking and finance, and industry. For securing personnel in the second category, proposals for constituting an industrial management cadre are at present under consideration. Similarly, the question of finding personnel for economic and statistical intelligence is under consideration .... The problem of obtaining personnel in adequate numbers for responsibilities connected with development programmes, land reform, and food administration in the States may also call for supplementary recruitment, depending upon the situation in individual States. In the main, however, these responsibilities have to be undertaken by officers with experience of revenue and development work in the districts' [Planning Commission, 1953, Pp. 119-120].

The Plan also made recommendations for recruitment through the Union and State Public Service Commissions, training of personnel, methods of work, financial control and economy, etc.

*Public Administration in India - Report of a Survey, January 1953 and 1956*

In September, 1952, the Minister for Finance invited Prof. Paul H. Appleby, Consultant in Public Administration, The Ford Foundation, to make a survey of the problems of public administration in India and recommendations thereof. Prof. Appleby submitted his first report in January 1953. Among the flaws found in the working of the administration in the country were those of (a) personnel administration which had 'too much feudalistic heritage, too much academic and intellectuality orientation, too little administrative action and human-relations orientation, and was too defensive of the rights of existing personnel'. There was 'too much and too constant consciousness of rank, class, title and service membership, too little consciousness turning on particular job responsibilities. Rank had no proper

significance except as it identified responsibilities; here responsibility tended to become diluted and diffused, rank exaggerated' [Appleby, 1953, Pp. 11-12]. (b) The Rules of Business, Secretariat Instructions and Office Manuals were found to be generally too didactic and confining, too detailed and unimaginative. ... Their basic pattern undoubtedly originated in colonial administration [Appleby, 1953, p. 14]. (c) There was no accepted terminology to cover the administration of programmes, no concentration of attention or structure on action administration or programme administration, and the civil servants of highest ranks were more concerned with 'coordination' than with 'administration' in action terms. There was a diffusion of responsibility in an extremely cumbersome process of cross-reference and consultation, and at the Centre, without real powers of enforcing on the States the coordinative decision. The sequel to a structure not built with an eye to large and diverse action was a structure in which the diffusion of responsibility through a Cabinet at the top level of executive government was extended by a vast lateral diffusion of administrative responsibility at subordinate levels [Appleby, 1953, Pp. 18-19].

Thus the administrative system was cumbersome in manner, requiring too many, inter-hierarchical conferences and utilising paper in an unnecessarily burdensome way. Clearance was slow and laborious. Responsibility was diffused and concealed rather than concentrated and clearly identified. Action was retarded before the fact, and insufficiently evaluated in course and after the fact. There were too many forms of class, rank and prerogative consciousness, too much insistence on too-uniform concentration of communication in formal channels, too much cross-reference including too many reviews of administrative papers by legal officers, too much control of detail, too much pre-occupation with 'saving' rupees and too little with larger effectiveness. Review at higher levels was too often wastefully duplicatory ... and too much in the hands of persons remote from action and programmatic realities. At the Centre, most of the subordinate personnel necessarily engaged in the reviewing process had little knowledge of India-at-large and little opportunity through field

inspection trips to become so acquainted [Appleby, 1953, Pp. 22-23].

The report pointed out that politics was 'essentially the conciliation of different forces, functions, facts, ideas and interests. All of what was not specifically handled by ministers, cabinet or party was handled by administrators. Administration was *one* of the political means. Until recognition of this was behind the selection and direction of public personnel, public personnel administration could not be regarded as really mature [Appleby, 1953, p. 25].

The Report recommended the abandonment of the very idea of cadres, officers, clerks, ministry or secretariat as distinct from establishment, Class I, II, III and IV, the word class altogether, gazetted, temporary, special service, etc. Similarly old conceptions of rank, class or annual increment, mandatory number of years pre-requisite to promotion, hierarchical direction of number of persons, significance of tenure, levels at which recruitment should take place, criteria of selection, availability of suitable persons and power of subordinate personnel should be expunged. The basic question was to look into the needs of the government, the fixing and clarifying of responsibilities, adequate underpinning to support heavy responsibilities, the facilitation of delegation, the maximisation of personnel capacities, flexibility and mobility of movement and the expedition of action [Appleby, 1953, p. 27]. The two substantive recommendations in the Report were the setting up of an institute of public administration at the national level and an O&M organisation at different levels of government. These two recommendations were accepted by the government.

Prof. Appleby undertook in 1956 a second examination of India's administrative system, with special reference to the administration of Government's industrial and commercial enterprises. The second report also made proposals for streamlining the administration, work procedures, recruitment, training, relations between administration and Parliament, administration and the Planning Commission, and administration and the Comptroller and Auditor-General.

*Public Services (Qualifications for Recruitment) Committee, 1956*

In April 1955, Government of India set up a Committee with Dr. A. Ramaswami Mudaliar as Chairman to (i) examine the questions as to how far and at what levels the possession of a university degree was necessary for recruitment to public services; (ii) consider the type of tests which should be instituted to assess the relative merits of candidates in an objective manner in the absence of a university degree; and (iii) consider measures to ensure that the number of candidates competing for posts and services under the Government is not wastefully large [Kumar, 1988, p. 22].

The Committee divided the public services into three broad categories, viz., (a) senior officers (executive and administrative), (b) junior officers (executive and administrative), and (c) clerical services. The senior executive and administrative services included the All-India Services (IAS, IFS, etc.) as well as the Central and State Class I services where persons were required to take important decisions and have intimate acquaintance with the policy-making activities of the Government. The clerical services were those whose duties were of a routine nature. All the rest were included under the second category. In classifying these three categories, the Committee excluded those of technical and professional nature (e.g. engineers) who would need the requisite university qualifications and training.

The Committee felt that an university degree should not be insisted upon for the clerical services. This could be achieved by lowering the age limit for entrants into this service to 17-19, as it would not be possible for obtaining a degree by the age of 19. For the second category (junior officers), the Committee was of the opinion that a university degree should not be made the minimum qualification, but that graduates should be given the opportunity to compete if they so desired. The age limit for this group of services should be 19-21. As regards senior officers, their entry into the service should be restricted to graduates as for the highest executive and administrative services, a maturity of outlook and cultural standard was required. The age limit for

these services should be 21 to 23 years [Kumar, 1988, Pp. 24-25].

The States Reorganization Commission, 1955 recommended the creation of more all-India Services particularly in the technical field such as Engineering, Forestry and Medical and Health. With a view to developing an all India outlook in the officers, it advocated that 50 per cent of officers to be allotted to any State IAS cadre should come from outside that State and also the training curriculum and programmes should be so geared as to foster the concept of national unity [Department of Personnel, 1972, p. 23].

*Second Five Year Plan, 1956-61*

The Second Plan pointed out that as development moved forward, the expression 'administration' steadily assumed a broader content. It included within its scope the building up of personnel, training of men, running the administrative machine, seeking the cooperation and participation of the people, informing and educating the public and, finally, organising a sound system of planning based as much on the participation of people at each level as on the best technical, economic and statistical information available. ... If the administrative machinery both at the Centre and in the States, did its work with efficiency, integrity and a sense of urgency and concern for the community, the success of the plan would be ensured [Planning Commission, 1956, p. 126].

The principal administrative tasks during the second five year plan were classified as (1) ensuring integrity in administration; (2) building up administrative and technical cadres and providing incentives and opportunities for creative service; (3) continuously assessing requirements of personnel in relation to the tasks to be undertaken; organising large scale training programmes in all fields; and mobilising the available training resources, including public and private institutions, industrial and other establishments, apprenticeship and in-service training; (4) devising speedy, efficient and economic methods of work, providing for continuous supervision and arranging for objective evaluation of methods and results at regular intervals;

(5) carrying technical and other aids to small producers as in agriculture, national extension and community projects and village and small industries; (6) building up organisation for the efficient management of public enterprises as in industrial and commercial undertakings, transport services and river valley schemes; (7) securing local community action and public participation so as to obtain the maximum results from public expenditure, as in agriculture and in social services; and (8) strengthening the cooperative sector of the economy through assistance in managerial and technical personnel and establishment of cooperative, financial, marketing and other institutions [Planning Commission, 1956, p. 127].

The Plan document referred to the complaints of lack of integrity in the official machinery. A continuous war against every species of corruption within the administration as well as in public life generally and the method to root out this evil should be constantly reviewed. 'In the First Five Year Plan the need for supervision and vigilance within the administration was stressed and it was pointed out that the main attack on corruption must be through ensuring efficiency in every branch of the administration. ... The openings which current policies and procedures may provide for corruption should be examined by heads of departments, so as to check the growth of conditions within their organisations in which corruption becomes either an easy risk or a risk worth taking. Another important source of corruption to which many inquiry committees have referred is delay in the disposal of cases or applications' [Planning Commission, 1956, Pp. 127-129].

A reference was made to the shortage of personnel for implementation of the Plan programmes. The IAS, which served both the Centre and the States, was called upon to assume a growing measure of responsibility. The requirement of personnel belonging to this cadre was reviewed in terms of the likely requirements during the five years of the Plan, and arrangements were made for taking in 386 additional officers from amongst persons with previous experience. This was in addition to the recruitment during the Plan period of 225 persons in the

junior scale through the competitive examination.

A major share of responsibility for detailed administrative work in the districts was borne by members of State administrative services. It fell largely to them to coordinate the activities of different branches of the administration and to win the cooperation of the people in carrying out development programmes. The cadres should be of adequate strength to ensure that these services fulfil the role assigned to them in the States. As the burden falling upon the State administrative services would increase during the second plan period, it was suggested that (1) in strengthening State cadres, a view of requirements over a sufficiently long period, say ten years, should be taken; (2) in making estimates of requirements adequate allowance should be made for the likely expansion of responsibilities which State Governments would have to undertake both in relation to their own programmes and those sponsored by the Central Government. In each cadre, provision should be made for reserves, including those needed for facilitating training; (3) increase in State cadres should be undertaken, preferably on a permanent basis; (4) district development programmes would place an increasing burden on the Collector. To enable him to discharge the duties entrusted to him, sufficient assistance should be given to him; (5) training programmes for administrative personnel should be strengthened and include rural development work. Selected officers with experience and judgement should be appointed to provide close supervision and training to junior personnel during the first years of service [Planning Commission, 1956, Pp. 130-131].

During the first plan period a number of states were unable to recruit personnel of high quality, organise adequate training and provide reserves of personnel to cope with continually expanding needs in several fields of development. Recruitment to State cadres could be supplemented in different fields by arrangements such as all-India services, joint development cadres or other cooperative arrangements between the centre and participating states as envisaged in the First Five Year Plan, and cadres or other cooperative arrangements organised on a regional basis to serve the needs of groups of states [Planning

Commission, 1956, Pp. 131-132].

Further (a) there should be a studied attempt to ensure that at each level, the officials concerned had the opportunity of exercising the maximum responsibility and in fact did so; (b) men with ability and initiative should be marked out early enough in their careers and given experience in carrying out duties which would further develop their capabilities and train them for positions of higher responsibility; (c) in view of the magnitude of the administrative tasks to be carried out, an attitude of speed and urgency should be insisted upon; (d) in the context of development in personnel policies, rigid procedures should be replaced. Distinctions between administrators and technical personnel exercising administrative functions or between officials in different grades and cadres should be withdrawn; and (e) greater interest should be taken in developing the correct human relations within each organisation in the Government [Planning Commission, 1956, p. 134].

The strength of the IAS cadre rose rapidly between 1948 and 1961 (Table 2). This increase in the higher administrative personnel was due to '(i) the wider responsibilities devolving on India as a sovereign democratic republic, (ii) the establishment under the Constitution of the Union Government functioning throughout the country with defined powers and of State Governments with powers in specified spheres in their respective areas, and (iii) the large programmes of social and economic development embodied in the Five Year Plans including those comprised in the community development movement' [Krishnamachari, 1962, p. 7].

TABLE 2. STRENGTH OF THE IAS CADRES, 1948-1961

January 1	Number
1948	803
1950	897
1952	1,201
1955	1,542
1957	1,672
1958	1,676
1959	1,785
1960	1,862
1961	2,010

Source: *Report on Indian and State Administrative Services and Problems of District Administration*, by V.T. Krishnamachari, 1962.

The public services came under strain in 1960-61 with certain unions and associations of the Central Government servants expressing dissatisfaction with some of the basic recommendations of the Second Pay Commission which had submitted its report in August 1959. These unions called for a strike with effect from July 11, 1960. The strike lasted until July 16, 1960. Out of a total of 18 lakh central government employees about 4 lakh had participated in the strike. Government promulgated the Essential Services Maintenance Ordinance in 1960 making it a penal offence for employees in the essential services to participate in the strike. Further, legislation was introduced for the establishment of a machinery for joint consultation, reference to arbitration of unresolved differences on certain matters and prohibition of strikes by employees of the Government [Ministry of Home Affairs, 1961, p. 2].

#### *Third Five Year Plan, 1961-66*

Referring to the requirements of administrative personnel, the Third Plan document stated that it was 'inevitable that each Plan should not only lead to substantial increase in the numbers needed, but should also place challenging burdens and responsibilities on the administrative as well as technical services. Thus over the past decade, the authorised strength of the Indian Administrative Service' rose 'from about 1,200 to well over 2,000. In the Third Plan, the net additional requirements for the Indian Administrative Service' were 'estimated at 400. Much larger increases' were 'to be expected in the State Administrative Services where responsibilities' had 'already grown and' would 'increase further with the development of Panchayat Raj institutions. ... Facilities for the training of administrators' had 'been developed at the National Academy of Administration at Mussoorie, the Administrative Staff College at Hyderabad and the Indian Institute of Public Administration in Delhi. Some State Governments' had 'set up their own institutions for the training of the State administrative and executive services' [Planning Commission, 1962, p. 179].

In a developing economy the functioning, side



by side, of an expanding public sector and a private sector, (partly organised and partly unorganised), raised difficult administrative problems. The decade 1951-61 had been a period of considerable change and adaptation in the field of administration. Innovations had been introduced and new institutions established. With increase in the range of Government's responsibilities and in the tempo of development, the volume and complexity of administrative work had also grown. The administrative machinery had been strained and, at many points in the structure, the available personnel were not adequate in quality and numbers. Certain aspects of administration had attracted pointed attention. These included the slow pace of execution in many fields, problems involved in the planning, construction and operation of large projects, especially increases in costs and non-adherence to time schedules, difficulties in training men on a large enough scale and securing personnel with the requisite calibre and experience, achieving coordination in detail in related sectors of the economy and, above all, enlisting wide-spread support and cooperation from the community as a whole. As large burdens are thrown on the administrative structure, it grows in size; as its size increases it becomes slower in its functioning. Delays occur and affect operations at every stage and the expected outputs are further deferred. There was need for far-reaching changes in procedures and approach and for re-examination of prevalent methods and attitudes [Planning Commission, 1962, p. 277].

'There were common directions of reform which were applicable to all branches of administration and deserved emphasis. The primary aim must be to ensure high standards of integrity, efficiency and speed in implementation. While changes in organisation and procedures could go some distance to remove causes of delay and to achieve greater speed, they had to be supported by greater attention to the training of personnel, to supervision and to reporting and evaluation. Without a concerted attempt to make the administration much more action-oriented these measures might not yield enough results. For the execution of any programme or project, the primary need was to fix specific responsibility on

the agency concerned and, within it, on particular individuals. With responsibility thus specified, it should be open to the individual to seek such advice and consultation as he may require, but these should not become the necessary ingredients of the executive process itself. In the present functioning of the administration, consultation with other authorities is not always confined to broader matters; instead it is too frequent and too concerned with details and, therefore, impedes effective action. Exercise of financial control is one important aspect of this problem. Obviously, the question here is one of ensuring wide delegation of financial powers to the heads of administrative departments, with the Finance Department undertaking their principal scrutiny prior to the framing of the annual budget' [Planning Commission, 1962, Pp. 277-278].

Central ministries and secretariat departments in the states tended to assume responsibility for an increasing amount of original work, thereby reducing the initiative of the executive departments and their ability to function on their own. The main preoccupation of these ministries and departments should be with matters of policy, general supervision and enforcement of standards. Executive tasks should be left to be carried out by departments and authorities specially designated for the purpose [Planning Commission, 1962, Pp. 278-279].

*Report on Indian and State Administrative Services and Problems of District Administration, August 1962*

Towards the end of 1960, the Planning Commission, with the concurrence of the Ministries of Home Affairs, and Community Development and Cooperation, requested Shri V.T. Krishnamachari, (former Deputy Chairman, Planning Commission) to undertake studies of specific groups of problems relating to administration. These were (i) questions relating to administrative personnel at different levels in States; and (ii) issues arising from the introduction of democratic institutions at the district and block levels. Later in December 1961, the range of problems were specified more fully as (i) additional requirements of IAS personnel during the Third Plan period and

methods of recruitment and training; (ii) additional requirements of State Administrative Services during the same period and methods of recruitment and training; and (iii) questions arising in district administration as a result of the introduction of panchayat bodies at district and block levels with a wide range of functions in social and economic development. Shri Krishnamachari submitted his report in August 1962 [Krishnamachari, 1962, Pp. 1-3].

The Report mentioned that the total strength of the IAS cadres would rise to 2,400 by March-April 1966. The total gap to be filled between 1961 and 1966 was 525 from among the direct recruits. The first step suggested to meet the shortage was to increase the number of recruits drawn from the competitive examination conducted annually by the Union Public Service Commission (UPSC). These should, however, not be increased to a level at which the quality of the selected candidates was likely to suffer. As the gap would still persist, the Report recommended that IAS officers who were capable of efficient service may be continued in service or re-employed after superannuation on a basis similar to that adopted for scientific and technical personnel who were in very short supply [Krishnamachari, 1962, Pp. 8-13].

The Report described the prevalent system of training of IAS officers recruited directly through the UPSC. The IAS recruits were sent to the National Academy of Administration, Mussoorie for a year. After a five month common 'foundational course' for probationers of the IAS, IPS, IFS and Central Class I Services, the other service probationers were dispersed to their respective departments or training institutions. The IAS probationers continued at the Academy for a further seven months to continue the professional part of the training which included (a) study in greater detail of the administrative history of India, general administration, district administration, criminal law, Hindi and the language of the State to which they were allotted. The probationers were also attached for one month to the Army and for two months of *Bharat Darshan*/visits to Delhi and the Central Police Training College at Mount Abu.

The Report made suggestions with regard to the

training to include (1) an advisory council to be set up to give guidance to the Director of the Academy; (2) rural development be included as a subject of study in the foundational course; and (3) visits to one or two rural development centres and study in the Planning Commission for two or three days to be included in the programme of *Bharat Darshan*.

On completion of this training, the probationers moved to their respective States where they underwent practical training. The Report recommended the following steps for the course of practical training of IAS probationers in the States: (i) The period of training should be fixed at eighteen months; (ii) Probationers should be appointed to hold the concerned offices for enabling them to learn important categories of work like revenue work, survey and settlement, treasury work and community development. Probationers should work as additional Block Development Officers (BDOs) for a minimum period of three months; (iii) IAS probationers should do case work. They should be instructed by experienced district magistrates in methods of dealing with law and order situations; (iv) The scheme of departmental examinations should be revised in the light of the changes in administration - especially the spread of the community development movement; (v) Probationers should be posted for training under carefully selected collectors, who should be required to send periodical confidential reports on the work done by them and on their capacity, generally [Krishnamachari, 1962, Pp. 14-18].

With the completion of their practical training, the probationers were given charge of a sub-division, and continued in that capacity for a couple of years before being posted to another sub-division. The Report suggested that to enable the IAS Officers to gain varied experience, their postings during the first five to six years may conform to: (i) practical training for eighteen months; (ii) charge of a sub-division for eighteen-twenty-four months; (iii) under-secretary to the state government and deputy to a head of department for eighteen-twenty-four months; and (iv) towards the end of a sixth or seventh year of service the officer could be given charge of a district. All sub-divisional officers

should be actively associated with the community development programme [Krishnamachari, 1962, Pp. 18-19].

As regards the State Administrative Services, their members were almost exclusively in charge, under the collector, of the general district administration - land revenue, community development, law and order, etc., - and their duties brought them into close relation with the people and the non-official members of panchayat bodies, municipal councils and cooperative organisations. They also constituted the middle grades in the State Secretariats. They were entitled to rise, on their merits to the senior posts in the IAS, 25 per cent of which were earmarked for them. It was felt in the Report that there would be need for additional personnel of the State Services categories in view of (a) extension of the community development movement and the setting up of Panchayati Raj (BDOs and Secretaries of district panchayats); (b) land reforms legislation (officers for land registration, land records, land tribunals, etc.); (c) land acquisition work connected with plan projects like irrigation, power, industries, resettlement of displaced persons, etc.; (d) administration of state undertakings, such as electricity boards, transport undertakings, etc.; and (e) general increase in developmental activities and in revenue and executive works in districts.

In view of the urgent need for attracting candidates with high qualifications to the State Administrative Services, the Report recommended that (i) all State Governments should amend their rules to enable a minimum of 50 per cent of the posts in State Civil Service Class I and 50 per cent of the Class II Services to be recruited by competitive examinations held by the State Public Service Commissions; and (ii) regular annual examinations should be held to make such recruitments according to a carefully devised programme [Krishnamachari, 1962, Pp. 20-23].

As regards training of the State Administrative Services recruits, the Report recommended that (i) like the IAS officers, they should learn important categories of work by holding the concerned posts and should do case work and receive special instructions in law and order

problems; (ii) establishment of training institutes in States where common foundation courses could be given to the officers and instructions in the laws and regulations pertaining to their future services. Such training should be for a period of six months; (iii) the need for coordination between the State training institutes and the orientation and study centres run by the Central Ministry of Community Development, Panchayati Raj and Cooperation was stressed [Krishnamachari, 1962, Pp. 24-25].

The problems of administration and development at the village, block and district level were discussed in Part II of the Report. It was pointed out that the principal duties which would have to be undertaken within the district and which, in turn, raised a variety of administrative and other problems were (i) preparation and implementation of village agricultural production plans and plans for basic minimum amenities for the village based on full utilisation of manpower and other resources and also on the obligations of beneficiaries in respect of irrigation and soil conservation, etc.; (ii) preparation and implementation of block development plans and district development plans; and (iii) assisting in the implementation of land reform programmes, and the economically weaker sections of the village community, developing cooperatives and rural industries, and developing facilities for education, adult literacy, rural sanitation, etc.

In order to implement these programmes, the administrative and technical organisations of the State Government should supervise the work of administrative and technical staff placed at the disposal of Zila Parishads and Panchayat Samities. Similarly, commissioners and collectors should have specified functions assigned to them for guiding panchayat organisations. The Report concluded that 'the work of administrative and technical services in the State should continue to function as a well-knit structure at all levels with their duties clearly defined and enforced. There should be an uninterrupted chain of responsibility in administrative and technical matters reaching down to the village units. In particular, there should be no ambiguity about the obligation that rests on higher technical officers to guide and supervise the work of officials at lower levels'

[Krishnamachari, 1962, p. 51].

Urgent action was necessary for the State Governments in three other matters: (a) the need for continuing administrative and technical officers in their positions for long periods; (b) the need for ensuring that the officers spent the greater part of their time living among the people in the villages and getting to know them and their problems; and (c) the need for a special examination of the correspondence work in villages, blocks and districts.

*Report of the Committee on Prevention of Corruption, 1964*

In June 1962, during the debate on the Demands for the Ministry of Home Affairs, many Members of Parliament referred to the growing menace of corruption in administration. Accordingly, the Government set up a Committee with Shri K. Santhanam M.P. as Chairman to (i) examine the organisation, functions and responsibilities of the vigilance units in the Ministries and Departments of the Government of India and to suggest measures to make them more effective; (ii) examine the organisation, strength, procedures and methods of work of the Special Police Establishment and the difficulties experienced by it, and to suggest measures to further improve its working; (iii) consider and suggest steps to be taken to emphasise the responsibilities of each Department for checking corruption; (iv) suggest changes in law which would ensure speedy trial of cases of bribery, corruption and criminal misconduct, and make the law otherwise more effective; (v) examine the rules relating to disciplinary proceedings and to consider what changes were necessary in order to expedite these proceedings and to make them most effective; (vi) suggest measures calculated to produce a social climate both amongst public servants and in the general public in which bribery and corruption may not flourish; (vii) examine the Government Servants Conduct Rules and recommend changes necessary for ensuring maintenance of absolute integrity in the public services; (viii) suggest steps for securing public support for anti-corruption measures; and (ix) consider special measures that

may be necessary in corporate public undertakings to secure honesty and integrity amongst their employees [Santhanam, 1964, p. 2].

The Committee submitted its report in March 1964. Reviewing the problem of corruption in the administrative services, the Committee commented that 'The modern concept of integrity of public servants, in the sense that they should not use their official position to obtain any kind of financial or other advantage for themselves, their families or friends is due to the development of the rule of law and the evolution of a large, permanent public service. Levy of taxation by law, parliamentary control of expenditure, and the regulation of conduct of public servants by rules, the breach of which would subject them to penalties including dismissal and prosecution in courts, contributed to the present notion of integrity of public servants. The fact that fair, honest and just principles are adopted and declared in matters like recruitment, promotion, terminal benefits and other conditions of service of public services, has further encouraged the growth of the currently accepted standards of integrity.'

'Till about the beginning of the Second World War, corruption was prevalent in considerable measure amongst revenue, police, excise and Public Works Department officials, particularly of the lower grades; the higher ranks were comparatively free from this evil. The smaller compass of State activities, the great depression and lack of fluid resources set limits to the opportunities and capacity to corrupt or be corrupted. The immense war efforts during 1939 to 1945 which involved an annual expenditure of hundreds of crores of rupees over all kinds of war supplies and contracts created unprecedented opportunities for acquisition of wealth by doubtful means. The war time controls and scarcities provided ample opportunities for bribery, corruption, favouritism, etc. The then Government subordinated all other considerations to that of making the war effort a success. Propriety of means was no consideration if it impeded the war effort. It would not be far wrong to say that the high water-mark of corruption was reached in India as perhaps in other countries also, during the period of the Second World War.'

'After the peaceful transfer of power, the new popular Government took office in the atmosphere surcharged with patriotism and high ideals. In spite of the fact that the new Governments were faced with grave problems that arose after the partition of the country and other urgent tasks of reconstruction and had to run the administration after having lost the services of many senior and experienced officers, the new Governments did exhibit commendable energy in dealing with the problem of corruption. The Delhi Special Police Establishment was put on a permanent footing by the Delhi Special Police Establishment Act, 1946. The Prevention of Corruption Act became law on 11th March 1947. The Bakshi Tek Chand Committee was set up in 1949 to review the working of the Prevention of Corruption Act, 1947, to make recommendations with regard to any improvement that might be considered necessary in the laws as well as in regard to the machinery for enforcing them, to assess the extent of success achieved by the Special Police Establishment in combating corruption and to make recommendations regarding continuance, strengthening, etc., of the Special Police Establishment. Some Ministers in Rajasthan and Vindhya Pradesh were prosecuted in 1949-50. There was no hesitation to make over inquiries into allegations against Ministers to the Special Police Establishment. The Railway Corruption Enquiry Committee under the Chairmanship of Acharya Kripalani was appointed in 1953. The Administrative Vigilance Division was set up in August 1955 and vigilance units in the Ministries/Departments came into existence. The Vivian Bose Commission was appointed in December 1956. Some leading industrialists of the country were prosecuted in the decade 1950-1960. During this decade the number of cases examined by the Special Police Establishment alone increased almost two-fold.'

'Yet various factors have operated to nullify in some measure the anti-corruption drive. The sudden extension of the economic activities of the Government with a large armoury of regulations, controls, licences and permits provided new and large opportunities. The quest for political power at different levels made successful achievement of the objective more important than the means

adopted. Complaints about the highly placed in public life were not dealt with in the manner that they should have been dealt with if public confidence had to be maintained. Weakness in this respect created cynicism and the growth of the belief that while Governments were against corruption, they were not against corrupt individuals, if such individuals had the requisite amount of power, influence and protection' [Santhanam, 1964, Pp. 6-8].

The Committee examined the causes of this state of affairs: 'When India became independent, the country was mainly an agricultural hinterland of the other highly developed industrial countries, with a weak industrial base, low incomes, low consumption, gross unemployment and under-employment, low capital formation, lack of fruitful channels of investment and all the other indices of backwardness. The climate for integrity had been rendered unhealthy by the war time controls and scarcities, the post-war flush of money, and the consequent inflation. After Independence, a conscious and deliberate effort is made to change these conditions by undertaking reforms and reconstruction in all directions simultaneously, the emphasis, however, being on the economic sector. The attempt is to accelerate the pace of development in such a manner as to make good the loss of time, the loss having been spread over two centuries. The direction of change is modernisation. A society that goes in for a purposively initiated process of a fast rate of change has to pay a social price, the price being higher where the pace of change excludes the possibility of leisurely adjustment which is possible only in societies, where change is gradual.'

... The Government of the country assumed the new responsibilities at a time when the administrative machinery had been considerably weakened by (a) war-time neglect, and (b) the departure of a large number of experienced officers, which necessitated rapid promotions including those of some unproven men and recruitment of a large number of officers in various grades which inevitably caused a dilution of experience and ability. The rapid expansion of Governmental activities in new fields involving expenditure of the order of Rs 1,000 crore a year afforded to the unscrupulous elements in the

public service and public life unprecedented opportunities for acquiring wealth by dubious methods. To this must be added the unfortunate decline of the real incomes of various sections of the community, and particularly that of the salaried classes, a large part of which is found in Government employment. Though efforts have been made by the two Pay Commissions to revise the pay scales, it has to be conceded that some classes of Government servants have had to face an appreciable fall in the standard of living. Though this cannot be pleaded in extenuation of the fall in the standard of integrity, the fact remains that economic necessity has, at least in some cases, encouraged those who had the opportunities to succumb to temptations.'

'The assumption of new responsibilities by the Government has resulted in the multiplication of the administrative processes. As the Law Commission pointed out in its fourteenth report, there is a vast field of administrative action in which the administrative authority may not out-ride the strict scope of law and propriety without the injured citizen being in a position to obtain effective redress. Administrative power and discretion are vested at different levels of the executive, all the members of which are not endowed with the same level of understanding and strength of character. Where there is power and discretion, there is always the possibility of abuse, more so when the power and discretion have to be exercised in the context of scarcity and controls and pressure to spend public money. The absence of a machinery for redress of grievances contributed to the growth of an impression of arbitrariness on the part of the executive. Consequently, there has been a phenomenal increase in the number of peddlers of influence.'

'It is believed that the procedures and practices in the working of Government offices are cumbersome and dilatory. The anxiety to avoid delay has encouraged the growth of dishonest practices like the system of speed money. 'Speed money' is reported to have become a fairly common type of corrupt practice particularly in matters relating to grant of licences, permits, etc. Generally the bribe giver does not wish, in these cases, to get anything done unlawfully, but wants to speed up

the process of the movement of files and communications relating to decisions. Certain sections of the staff concerned are reported to have got into the habit of not doing anything in the matter till they are suitably persuaded. It was stated by a Secretary that even after an order had been passed, the fact of the passing of such order itself is kept back till the unfortunate applicant has paid appropriate gratification to the subordinate concerned. Besides being a most objectionable corrupt practice, the custom of speed money has become one of the most serious causes of delay and inefficiency.'

'There is a general impression that it is difficult to get things done without resorting to corruption. Scope for corruption is greater and the incentive to corrupt stronger at those points of the organisation where substantive decisions are taken in matters like assessment and collection of taxes, determination of eligibility for obtaining licences, grant of licences, ensuring fair utilisation of licences and goods obtained thereunder, giving of contracts, approval of works and acceptance of supplies. We were told by a large number of witnesses that in all contracts of construction, purchases, sales and other regular business on behalf of the Government, a regular percentage is paid by the parties to the transaction and this is shared in agreed proportions among the various officials concerned. ... In, all cases, failure to pay the percentage results invariably in difficulty and delay in getting the bills paid. In the higher ranks, differences and disputes about specifications, use of inferior quality of material, and other technical issues are utilised for the purpose. It is not always the Government servant who takes the initiative in the matter. Frequently enough it is the dishonest contractors and suppliers who, having obtained the contract by under-cutting, want to deliver inferior goods or get approval for sub-standard work and for this purpose, are prepared to spend a portion of their ill-earned profit.'

'In addition to the various circumstances mentioned above, we are of the opinion that two of the major contributory factors for the growth of corruption are, firstly, the partially acknowledged unwillingness, to deal drastically with corrupt and inefficient public servants and secondly, the protection given to the Services in India, which



is greater than that available in the more advanced countries. It was distressing to hear heads of departments confess that, even where they were morally convinced that one of the officials working under them was corrupt, they were unable to do anything because of the difficulties in obtaining formal proof, finding or conviction. They could not even make an adverse entry in the confidential roll without their being required to justify such an entry with proof when it was challenged after its communication to the Government servant concerned. Article 311 of the Constitution as interpreted by our courts has made it very difficult to deal effectively with corrupt public servants. When the question of amendment of article 311 came up before Parliament, the issue of corruption was altogether ignored and overwhelming stress was laid upon protection of the individual Government servant. This is an important issue which deserves to be urgently reconsidered by Parliament.'

'Strict adherence to a high standard of ethical behaviour is necessary for the even and honest functioning of the new social, political and economic processes. The inability of all sections of society to appreciate in full this need results in the emergence and growth of white-collar and economic crimes, renders enforcement of the laws, themselves not sufficiently deterrent, more difficult. This type of crime is more dangerous not only because the financial stakes are higher but also because they cause irreparable damage to public morals. Tax-evasion and avoidance, share-pushing, malpractices in the share market and administration of companies, monopolistic controls, usury, under-invoicing and over-invoicing, hoarding, profiteering, sub-standard performance of contracts of constructions and supply, evasion of economic laws, bribery and corruption, election offences and malpractices are some examples of white-collar crime.'

'Corruption can exist only if there is some one willing to corrupt and capable of corrupting. ... The tendency to subvert integrity in the public services instead of being isolated and aberrative is growing into an organised well-planned racket. ... While considerable success has been achieved in putting anti-corruption measures on a firm footing, there is much that remains to be done. It

is a matter of profound concern that in the past there has been a certain amount of complacency in dealing with the situation. It was represented ... that corruption has increased to such an extent that people have lost faith in the integrity of public administration. We heard from all sides that corruption has, in recent years, spread even to the levels of administration from which it was conspicuously absent in the past. We wish we could confidently and without reservation assert that at the political level, Ministers, Legislators, party officials were free from this malady. The general impressions are unfair and exaggerated. But the very fact that such impressions are there causes damage to the social fabric. That such impressions should have come into existence, in so short a time after the people of this country had given themselves a Constitution of their own is all the more distressing if it is remembered that the struggle for freedom in India was fought on a particularly high moral plane, and was led by Mahatma Gandhi, who personified integrity' [Santhanam, 1964, Pp. 8-13].

The Committee found that different categories of Government servants were governed by separate, but substantially similar, sets of conduct rules. The rules in force were (i) All India Services (Conduct) Rules, 1954; (ii) Central Civil Services (Conduct) Rules, 1955; and (iii) Railway Services (Conduct) Rules, 1956. In the case of disciplinary action also, different sets of rules though substantially similar were prevalent. These included (i) All India Services (Discipline and Appeal) Rules, 1955; (ii) Central Civil Services (Classification, Control and Appeal) Rules, 1957; (iii) Discipline and Appeal Rules for Railway Servants, other than those employed in the Railway Protection Force; and (iv) Civilians in Defence Services (Classification, Control and Appeal) Rules, 1952. The agencies that were responsible for implementing the anti-corruption activities of the Central Government were (i) the Administrative Vigilance Division in the Ministry of Home Affairs, (ii) the Vigilance Units in the respective Ministries/Departments and their attached and subordinate offices, and in the public sector undertakings, and (iii) the Delhi Special Police Establishment (became part of the Central Bureau of Investigation). There were three other

units also functioning, viz., (i) Engineering Vigilance Cell in the Railways, (ii) Chief Technical Examiner's Cell in the Ministry of Works, Housing and Rehabilitation, and (iii) Engineering Cell at the Army Headquarters.

The Committee referred to the Constitution of India and its Articles with regard to government servants. Article 309 dealt with the rule making power of the President and Governors in respect of persons holding civil posts in connection with the affairs of the Union or States, as the case may be. Article 311 dealt with dismissal, removal or reduction in rank of such persons. However, it limited 'the doctrine of pleasure' which was first given in the Government of India Act, 1935. As a result, judicial interpretation of Article 311 of the Constitution had resulted in making the disciplinary proceedings highly involved. The Committee felt that 'it would not be an unreasonable classification to treat disciplinary proceedings involving charges of bribery, corruption and lack of integrity as a separate category and to provide for a simplified procedure. Article 314 should not come in the way of dealing effectively with members of the former Secretary of States Services. In such cases the jurisdiction of courts should be limited'. The Committee recommended that another clause somewhat on the following lines be added as Clause (4) to Article 311 as follows: 'Notwithstanding anything contained in Parts III, IV, VI and XIV of the Constitution, Parliament may, by law, regulate all matters relating to maintenance of integrity and honesty in the services and posts under the Union and States, including the jurisdiction of Courts in respect of such matters'. The power to legislate in this behalf should be added as an item in List I of Schedule VII of the Constitution [Santhanam, 1964, Pp. 35-36].

The Committee recommended further that (i) 'there should be only one set of Discipline and Appeal Rules in respect of government servants serving in connection with the affairs of the Union or appointed by the Union Government. The definition of the term 'Government Servant' should be enlarged to include members of the All India Services; (ii) the President may impose any of the prescribed penalties and institute disciplinary proceedings against any Government

servant, including a member of the All-India Services or direct a disciplinary authority to institute such proceedings; (iii) the Central Government may institute proceedings against a member of an All India Service if the circumstance of the case are such that the Central Government is satisfied that it would be in public interest to institute such proceedings, provided that before doing so, the Central Government shall consult the State Government; (iv) the penalties of withholding or withdrawing in full or part of the pension of the All-India Services should be included in the categories of penalties prescribed under Discipline and Appeal Rules; (v) the Government should have the power to compulsorily retire a Government servant who has completed 25 years of qualifying service or has attained 50 years of age without giving any reason and without any liability for special compensation' [Santhanam, 1964, Pp. 114-115].

The Committee also suggested a number of preventive measures to check corruption. These included (i) reduction of administrative delays; (ii) review of regulatory functions and fixation of responsibility on the officers concerned; (iii) a system of controls on the disciplinary powers of different categories of government servants; (iv) better residential and medical facilities for Government servants and their families and facilities for the education of their children, etc.

#### *Government's Action on the Report of the Committee on Prevention of Corruption*

Government accepted most of the recommendations of the Committee and implemented a number of them. A Central Vigilance Commission was set up in February 1964, with 'extensive functions designed to ensure that complaints of corruption, or lack of integrity on the part of government servants were given prompt and effective attention, and that the offenders were brought to book without fear or favour' [Ministry of Home Affairs, 1964, p. 9]. The Central Civil Services (Conduct) Rules were revised and issued on November 30, 1964. 'The special features of the new Conduct Rules were the fixation of responsibility on officers holding supervisory posts to ensure the integrity and

devotion to duty of their subordinates; prohibition of the exercise by all Government servants of their position or influence to secure employment for members of their family in firms enjoying Government patronage; prohibition of acceptance of free services, like transport, boarding, lodging, etc., from persons other than near relatives or personal friends not having official dealings with the Government servant; prohibition of the acceptance of frequent or lavish hospitality from persons having official dealings or from industrial or commercial firms; and the requirement regarding the submission of periodical returns of assets and liabilities containing full particulars of both moveable and immovable properties as well as debts and other liabilities' [Ministry of Home Affairs, 1965, p. 6].

Government issued orders on a few other recommendations of the Committee: 'Instructions were issued that whenever any office/department submitted a proposal for grant of extension or re-employment, the officer's character roll and personal file should be carefully scrutinised, and all other relevant information that may be available should be taken into account, to judge whether the officer had a good reputation for integrity and honesty and before the extension/re-employment was actually granted, the authority competent to grant extension/re-employment should record a certificate about the good reputation of the officer for integrity and honesty' [Ministry of Home Affairs, 1965, Pp. 6-7].

Orders were also issued 'that prosecution should be the general rule in all those cases which were found fit to be sent to court after investigation and in which the offences were of bribery, corruption or other criminal misconduct involving loss of substantial public funds. In such cases, departmental action was not to precede prosecution. In other cases, involving less serious offences or involving malpractices of a departmental nature, departmental action only should be taken and the question of prosecution should not generally arise. Whenever, however, there were unresolved differences of opinion between the Central Bureau of Investigation and the administrative authority concerned as to whether prosecution in a court or departmental action

should be resorted to in the first instance, the matter should be referred to the Central Vigilance Commission'.

Government also issued orders 'that wherever officers were being considered for promotion to higher administrative posts or to gazetted grades from non-gazetted grades, the selecting authorities should give particular attention to the integrity of the individuals concerned and all those whose integrity was not above board should not be promoted to these posts' [Ministry of Home Affairs, 1965, p. 7].

#### *Other Measures Taken During the Third Plan, 1961-66*

The All-India Services comprised the IAS, IPS and IFS. In addition there were the Central Services (Class I & II) and the Delhi and Himachal Pradesh Civil Services until 1962-63. Legislation for the creation of All India Services in the fields of Engineering, Forestry and Health was enacted on 6th September 1963 [Ministry of Home Affairs, 1964, p. 1]. Thus three new All India Services were expected to come into being, viz., (i) The Indian Service of Engineers (Irrigation, Power, Buildings and Roads); (ii) The Indian Forest Service; and (iii) The Indian Medical and Health Service. In 1965, two more services were created: (iv) The Indian Agricultural Service; and (v) The Indian Educational Service (General Education and Technical Education). The States were being consulted regarding the constitution of these services and their coverage. The Indian Economic Service and the Indian Statistical Service were constituted in February 1964.

The Department of Administrative Reforms was created in the Ministry of Home Affairs in March 1964. The functions envisaged for the new department included (i) locating important problems and initiating studies in respect of them; (ii) examining the organisation and procedures of selected departments with the object of eliminating problems of corruption at different points of the administrative machinery; (iii) examining the question of setting up machinery for the redress of grievances of citizens; (iv) making a rapid scrutiny of past recommendations and conclusions of committees and individuals with

the object of picking up points that can and should be implemented without further enquiry; (v) preparing simultaneously the ground for a comprehensive investigation of the entire administrative system in India; and (vi) continuing with the work of the O&M Division [Ministry of Home Affairs, 1965, p. 13].

#### *Administrative Reforms Commission*

Later in January 1966, Government constituted the Administrative Reforms Commission with the following terms of reference. 'The Commission will give consideration to the need for ensuring the highest standards of efficiency and integrity in the public services, and for making public administration a fit instrument for carrying out the social and economic policies of the Government, and achieving social and economic goals of development, as also one which is responsive to the people. In particular, the Commission will consider ... (i) the machinery of the Government of India and its procedures of work; (ii) the machinery for planning at all levels; (iii) Centre-State relationships; (iv) financial administration; (v) personnel administration; (vi) economic administration; (vii) administration at the State level; (viii) district administration; (ix) agricultural administration; and (x) problems of redress of citizens' grievances.' Some of the issues to be examined under each head were listed in the schedule to this Resolution. As regards the machinery of the Government of India, the issues to be examined included (i) the grouping of subjects in departments; (ii) the role of the Cabinet Secretariat; (iii) problems of inter-Ministry coordination; (iv) staffing pattern and methods of work within ministries and departments; and (v) relationships between ministries and their attached and subordinate offices. Those for personnel administration, included (i) personnel planning and organisation, (ii) recruitment policy and procedures, including selection techniques, (iii) the Union Public Service Commission and the State Public Service Commissions, (iv) promotion policies and incentives, (v) policies and rules governing conduct and discipline to ensure efficiency, honesty and maintenance of morale,

(vi) training, (vii) the roles of the Cabinet Secretary and the Ministries of Home Affairs and Finance, and (viii) personnel management for public sector enterprises [ARC, 1970(a), Pp. 47-49].

The Commission submitted a series of twenty reports between October 1966 and May 1970. These reports were arrived at after examining the recommendations and views of the various Study Teams and Working Groups set up by the Commission for the purpose. The reports of relevance for this review included (a) *The Machinery of the Government of India and its Procedures of Work* submitted in September 1968, (b) *Personnel Administration* submitted in April 1969, and (c) *State Administration*, submitted in November 1969. The relevant portions of these reports are discussed here:

#### *(a) The Machinery of the Government of India and its Procedures of Work; September 1968*

The Commission observed that there had been a phenomenal growth in the size of the machinery of the Central Government since Independence. There were 40 secretariat departments in September 1967, as against 18 in 1947 and 25 in 1957. The number of non-secretariat organisations having the attributes of headquarters units was as large as 569. Total employment (both regular and temporary) in the establishments of the Central Government increased by over 51 per cent during 1956-66. There had been one and a half times increase in the number of persons employed in the Central Secretariat from over 6,000 (including Class IV staff) in 1948 to over 15,000 in September 1967. The number of secretaries, additional secretaries, special secretaries and joint secretaries rose to over three times between 1948 and 1967, i.e. from 64 to 209; of deputy secretaries to about three and a half times (from 89 to 303); and of under secretaries to more than twice (from 214 to 457). The strength of section officers went up to over six and a half times from 442 to 2,943 during the period 1948 to 1965 [ARC, 1968(b), p. 29].

The increase in the personnel and the number of administrative units in the secretariat was

attributable to the expansion of the responsibilities undertaken by the Government, particularly in the spheres of welfare and development. The secretariat functions of the different ministries or administrative departments with regard to their respective areas of activity could be described broadly as (1) assisting the Minister in policy-making and in modifying policies from time to time, as and when necessary; (2) framing legislation, rules and regulations; (3) sectoral planning and programme formulation; (4) (a) budgeting and control of expenditure in respect of activities of the ministry/department; and (b) according or securing administrative and financial approval to operational programmes and plans and their subsequent modifications; (5) supervision and control over the execution of policies and programmes by the executive departments or semi-autonomous field agencies, and evaluation of the results; (6) coordination and interpretation of policies, assisting other branches of government and maintaining contact with State Administrations; (7) initiating measures to develop greater personnel and organisational competence both in the ministry/department and its executive agencies; and (8) assisting the minister in the discharge of his parliamentary responsibilities [ARC, 1968(b), p. 30].

The Commission felt that this secretariat system, with all its deficiencies, had lent balance, consistency and continuity to the administration, and served as a nucleus for the total machinery of a ministry. It had facilitated inter-ministry coordination and accountability to Parliament at the ministerial level. As an institutionalised system it was indispensable for the proper functioning of Government. But the system needed change with the minds and needs of the people changing faster.

Not an insignificant portion of the growth of personnel in the secretariat was due to the taking over of numerous executive functions and multifarious unimportant tasks which did not properly belong to it. The Centre had come to assume several functions which legitimately fell within the jurisdiction of the State Governments and in the process a measure of duplication of effort had resulted. Some expansion was also due to the tendency of the bureaucracy to proliferate in any situation. The secretariat at the Centre was thus

encumbered with non-essential work and had, for a large part, become an unwieldy and over-staffed organisation. This had led to occasional blurring of responsibilities, and choking of the administrative machinery, which thus found excuse for dilatoriness and delay. Further, the overgrowth of personnel had resulted in deterioration in quality. This had inevitably meant increased burden for officers at the higher levels [ARC, 1968(b), Pp. 30-31]. The dilatoriness in the functioning of the Secretariat was to a large extent due to too many levels through which a case had to pass until a final decision was taken. There were as many as six levels of processing and decision-making, namely, the dealing hand, section officer, under secretary, deputy secretary, joint secretary/secretary and minister. Broadly speaking, at least four or five levels were generally involved in the disposal of any substantive case. A further defect which had developed in the system was the rise in the level of final decision-making. There was a marked tendency to send up cases for decision to higher levels even though these could be decided at the lower one. This system under which each paper had to travel down to the dealing assistant and then travel back through a number of levels till the final decision was taken, was highly unsatisfactory. It led to excessive noting, caused delay and diffused responsibility. Above all, it undermined initiative and sense of responsibility at senior levels. Every paper had to be first noted upon by the office. The excessive dependence on the office promoted a 'file-dealing' approach. As a result, many of the senior officers did not perceive it as their role to initiate action or reflect upon the complex problems on their own [ARC, 1968(b), Pp. 51-52].

The Commission recommended that the organisation of the work within each administrative department or ministry should be rationalised by applying certain basic principles. First the duties and requirements of each job should be defined clearly and in detail on the basis of a scientific analysis of work content. Second the arrangement of various jobs or positions, within an administrative organisation, or for purposes of staffing by a particular grade or service, may be determined primarily by the nature and content of administrative tasks and functions to be performed.

Thirdly, the administrative structure may be so recast as to provide adequate opportunities, for self-development and self-fulfilment of each Government official. The prevalent procedure of noting and decision taking should be scrapped. A case should not pass through more than two levels. At the lower level of consideration it may be handled by an under secretary or a deputy secretary depending upon the nature and complexity of its contents, and at the higher level by joint secretary/additional secretary/secretary. Officers at the decision making and consideration levels should be provided some staff assistance for collection of data and other relevant material, maintain files and draft replies to receipts of simple or routine nature. They should, however, be forbidden to note on the files. Under this scheme of reorganisation, the Secretary's role would be primarily one of coordinator, policy guide, reviewer and evaluator. The two levels of decision making proposed should be organised on the line of 'desk-officer' system [ARC, 1968(b), Pp. 52-53]. In each Ministry or major administrative department, a Policy Advisory Committee should be set up to consider all important issues of long-term policy and to inject thinking inputs from different areas of specialisation into problem solving.

The Commission recommended the setting up of a separate Department of Personnel with the functions and responsibilities of (a) formulation of personnel policies on all matters common to the Central and All-India Services, and inspection and review of their implementation; (b) talent hunting, development of personnel for senior management and processing of appointments to senior posts; (c) manpower planning, training and career development; (d) foreign assistance programme in personnel administration; (e) research in personnel administration; (f) discipline and welfare of staff and machinery for redress of their grievances; (g) liaison with the Union Public Service Commission, State Governments, professional institutions, etc.; and (h) staffing of the middle-level positions in the Central Secretariat. The Department of Personnel should not itself administer any service cadre. The administrative control of different service cadres should vest with individual Ministries and Departments

concerned. Thus, the IAS, IPS and the centralised aspects of the Central Secretariat Service should be the responsibility of the Ministry of Home Affairs, while the IES and ISS that of the Department of Economic Affairs [ARC, 1968(b), p. 75].

*(b) State Administration, November 1969*

The number of employees in the States had also increased from 39.33 lakh persons (including employees of local fund organisations) in 1960 to 54.16 lakh in 1965 and still further to 56.02 lakh in 1968, i.e. by 42.44 per cent over a period of eight years. The expenditure on salaries and allowances accounted for 55 per cent of the total revenue expenditure in all the States. The undue growth of staff was needed to be checked, and the burden of administrative cost on the exchequer lessened.

As in the case of the Centre, the Commission found that decision in the State Secretariats also went through various levels of scrutiny. They therefore recommended that (1) the Secretaries of the departments should shed some of their existing functions and devote more time and attention in (a) helping the formulation of long-term or strategic policies, (b) ensuring that the policies were translated adequately into operational programmes, (c) reviewing the progress in implementation, and (d) initiating measures for developing greater organisational and personnel competence both in the Secretariat and executive department. (2) The Chief Secretary should ordinarily be the senior-most person, due regard being paid to merit. He should have a minimum tenure of 3 to 4 years. He should be relieved of routine and non-essential work and, where necessary, given appropriate staff assistance to enable him to ensure quick implementation of the Cabinet decisions and effective coordination in the policies and programmes of the State Government. (3) There should be only two levels of consideration and decision below the Minister, with work assigned to each on the lines of 'desk-officer' system. The duties and requirements of various jobs in the Secretariat at each of the two levels should be defined clearly. The officer at the first level should not be assisted with



a note from the office indicating the lines on which decision may be taken. (4) The measures necessary for operating the 'desk-officer' system should include (a) introduction of a functional file index, (b) maintenance of guard file or card indices containing all important precedents, (c) adequate provision for leave reserve, and (d) adequate stenographic and clerical aids [ARC, 1969(b), Pp. 26-29].

As regards district administration, the Commission recommended that (a) all judicial work which still remained with the Collector should be transferred to the Judiciary; (b) district administration should be divided into two sectors, viz., one concerned with the 'regulatory' functions and the other with the 'development' functions. The District Collector should be the head of the former and the Panchayati Raj Administration should have the responsibility for the latter; (c) The District Collector and the President, Zila Parishad, should meet at periodic intervals to resolve matters calling for coordination between the regulatory and development administration. This procedure should be given official recognition in the legislation dealing with Panchayati Raj [ARC, 1969(b), p. 40].

The District Collector and the District Magistrate should be the head of the regulatory administration in the district and exercise general supervisory control over the police organisation in the district. Except in an emergency, the District Collector should not interfere with the internal working of the police administration. In the day-to-day work of the police organisation and with regard to routine matters like postings and transfers, the District Superintendent of Police should have full control. The Collector should record annually the performance of the District Superintendent of Police after receipt, from the officer concerned, of a note written by him on his performance during the period under review [ARC, 1969(b), p. 43]. Only the heads of two administrative units should be invested with powers of decision making in the district administration: one in the tehsil/taluka or group of tehsils/talukas, or a sub-division and the other at the headquarters of the district. The intermediary levels should be abolished [ARC, 1969(b), Pp. 45-46].

The Commission also recommended the setting up of a Personnel Department in each State under the Chief Minister.

(c) *Report on Personnel Administration, April 1969*

The Commission commented on the administrative situation as it prevailed at that time as follows: 'The nature of governmental tasks has in the post-Independence era, undergone a marked change, particularly after the adoption of planning as the means of achieving the socio-economic regeneration of the country. Administration is tending to become more and more specialised, technical and scientific, the problems of public relation have acquired new dimensions; the *raison d'être* of administration is becoming more and more grounded in popular acceptance and the success of administrative measures is becoming more and more dependent on public cooperation and response; the emphasis of administration is perceptibly shifting from mere care and maintenance to social welfare and individual progress'.

'Government was aware of the need for change and a new approach albeit halting, in the personnel policies of the last two decades was discernable. However, the changes had been sporadic and peripheral. The system continued to be set in the same old pattern and lacked dynamism and adaptability to changing conditions. There was still too great a reliance on the generalist. The technical, scientific and other specialist personnel who had appeared on the scene were not participating directly in policy formulation. There was no clearly conceived and articulated policy of personnel management. These defects largely flowed from the existing pattern of civil service organisation and the manner in which the skills of its members are being developed and put to use' [ARC, 1969(a), Pp. 5-6].

The civil service, was more than 6 million strong in the States and the Centre in 1966. The service was organised into four classes, Class I (including the all-India Services), Class II, Class III and Class IV; such classification being based on pay ranges admissible. The managerial and administrative aspects of governmental work -

whether in the field or at headquarters - was predominantly in the hands of those who were in Class I. These included (a) the all-India services engaged mainly in administrative duties in the States and in the Centre, in the field and in the secretariat; (b) the non-technical Class I Central services which were meant to administer non-technical areas of administration at the Centre like the audit, income tax, posts and telegraphs and the railways. Their members were also deployed to some extent, in the Central Secretariat; (c) the technical Class I Central services which had similar functions on the technical side of the Central Departments like the Central Engineering Service, the Telegraph Engineering Service, the Central Health Service, etc. To a small extent, members of these occupied secretariat posts; (d) the Class I category also included officers engaged in research in the scientific and technological fields and some isolated posts in the non-technical fields. The posts in Class I, which did not fall within any particular service at the Centre, were considered as falling with the General Central Service; and (e) the State services, both technical and non-technical, which operated only within a particular State though sometimes officers belonging to these services were borrowed for work at the Centre.

Higher field posts in the States at the district level and the posts of heads of departments were generally manned by members of the IAS. However, in some departments like Agriculture, PWD, etc., secretariat posts at the level of Additional or Joint Secretary and sometimes at Secretary level were also held by the corresponding functional or technical Service. There had also been a tendency to resort to *ex-officio* status so as to give opportunities for service in the secretariat to technical and specialist services [ARC, 1969(s), p. 6-7].

The work of Class I Service, could be broadly classified as general administration (District Collector), specialised administration (Income Tax Officer), and technical and/or scientific administration (Executive Engineer). Generally, each regularly constituted Class I Service took care of the requirements of the types of work to be done at the higher levels. For example, the Indian Police Service (IPS) was engaged in police

administration, the Income Tax Service (ITS) in income tax administration, and the Central Engineering Service (CES) in engineering administration. Most of the members of such services worked in field offices. Some were also drafted to the headquarters organisation connected with the same function. Thus, the IPS officers were drafted to the Central Bureau of Investigation and the ITO to the Central Board of Direct Taxes. In general, Class I services were unifunctional in nature and the members underwent after recruitment, training for work in a specified functional area. Their careers for the most part and certainly during their early years lay in their own functional areas. An important exception was the IAS, an all-India service whose members were deployed, in addition to their special area of district and revenue administration, in other areas as well [ARC, 1969(a), p. 7].

The higher services in the Civil Service were *ab initio* field services. Their initial deployment was in the field offices of the Central and State Governments. The work relating to policy formulation claimed the administrator's time only from the middle part of his career. There was no class division *per se* between the policy-formulator and the executive. The system was so designed that the same set of personnel did executive and policy work at different times. The exception was the Central Secretariat Service which formed a large component in the prevalent pattern of staffing of the headquarters organisation of the Central Government, though it had not been designed for any executive work.

There was no formal reservation for any particular service for the posts in the Central headquarters, though some 45 posts of deputy secretaries were earmarked as a promotional avenue for the under secretaries in the Central Secretariat Service. The scheme envisaged the staffing of posts of under secretaries, deputy secretaries and joint secretaries by borrowing officers from the higher field services for fixed tenures of 3, 4 and 5 years, respectively. However, not many officers were taken from the technical, scientific and other specialist sources. Reliance was placed mostly on the IAS, the non-technical Central Class I Services and the Central Secretariat Service.

In view of the increasing complexity, and the impact of science and technology on governmental decisions, administration was growing more specialised. Several attempts were made for improving the arrangements for staffing the higher administrative positions in the Central Secretariat. These attempts had aimed at the formulation of 'pools' of officers selected in the mid-career to be available permanently for service at the Centre. The Commission found serious shortcomings in the staffing at the highest levels in Government. The change in the role of the government and the great diversification of the functions called for a variety of skills in the higher administration. Each new area of administration, be it economic, social, industrial, technological, scientific or agricultural, had its own body of academic requirements, knowledge and techniques. The effective administration of each demanded an intimate knowledge of its underlying principles and awareness of its problems. Unalloyed generalism which prevailed was losing its validity in many fields and was progressively declining in importance. This was an inevitable consequence of the increasing application of science and technology to problems of communitarian living. Secondly, there was need to alter the tenure system to the extent necessary to build up new expertise in personnel selected from all sources. Both these measures would necessitate a radical change in the practices which had hitherto been followed in the matter of staffing higher administrative positions. A new approach was necessary which should integrate selected specialists into the administrative hierarchy and enable them to participate more directly in the process of policy formulation, so that they could fit themselves adequately to the tasks which they had to perform in their own special fields or related fields in the higher administration.

Another shortcoming lay in the remuneration pattern of the different services. The established higher services had pay scales fixed on the time factor, which induced the incumbents of a complacent feeling of easy attainment of increments. Long time scales also tended to mask the real responsibilities borne in the different jobs covered by them, thus adding to the salary bill. Moreover, they did not provide for recognition of

merit, adequate opportunities for promotion based on such recognition and for a continuous incentive for good performance. There was also a needless variety of scales in different areas of administration which resulted in far too dissimilar career patterns of different groups of the Service. The most favourable scales were assigned to the IAS and IFS, creating a notion of primacy in matters concerning advancement. In the wake of development and vastly increased activities of the Government, varying levels of responsibility had emerged in all the cadres. It was necessary therefore to rationalise the pay structure and base it on recognisable levels of responsibility in all areas of administration.

A further shortcoming arose from the recruitment practices. Recruitment policies in vogue limited the administration, largely, to the use of men and women directly recruited in their early twenties, by open competition to the Class I Service (all-India and Central), at its middle and higher levels. Though there were provisions for promotion to these Services from lower ranks, these were not enough and did not fully recognise the talent that was available in the latter. The apathy induced in those ranks through such restrictive policies was something which the service could ill-afford. Considering the nature of its tasks, the Civil Service could vastly improve its performance if better incentives were provided to the meritorious among the lower ranks.

The Commission recommended that (i) a rational system of filling policy-advice positions with men possessing the required qualifications and competence needed to be devised; (ii) senior management would need to be selected from all the relevant sources - generalists and specialists - and for the purpose talent needed to be discovered and developed in all cadres, specially among those who had not hitherto been inducted into the higher administration, to any significant degree; (iii) a rational pay structure was needed to be adopted so as to reflect actual responsibilities borne in each job; (iv) there was need for much greater scope to be created for talent in the lower ranks to move up to higher positions in the Civil Service, on the basis of competence and performance [ARC, 1969(a), Pp. 8-13].

A reformed service was to be constituted

comprising a 'functional' field and 'specialist' fields. The functional field was to be carved out for the IAS. This would consist of land revenue administration, exercise of magisterial functions and regulatory work in the States in the field, other than those looked after by other services. The specialist field should be in administration for economics, industry, agriculture and rural development, social and education, personnel, finance, defence and internal security, and planning. Persons selected for these areas of administration were to be concerned with policy and management to a greater extent than those at similar levels in the purely functional areas. Special training should be given to such personnel, and their tenure at the rank of deputy secretaries should be for at least six years, excluding the period spent under training. Selection of these personnel should be from all specialised fields including scientific, medical, engineering, etc.

The Union Government did not accept the above recommendations on the ground that limiting the role of the IAS to a narrow area of district administration would defeat the purpose for which this service was constituted as an All-India Service, viz., the forging of a link between the Centre and the States. The existing role and functions of the IAS therefore remained [Sarkaria, 1988, Part I, p. 222].

Government accepted in principle, most of the other recommendations of the Administrative Reforms Commission. As regards the recommendations pertaining to the machinery of Government, a review was conducted to examine whether the criteria evolved for handling of the State list subjects by the Central Ministries was being followed. Those items of work which did not fulfil these criteria were transferred to the States. Studies were also carried out in six departments/ministries to examine the feasibility of introducing the ARC scheme of reorganisation of ministries [Ministry of Home Affairs, 1972, Pp. 7-8].

#### *Department of Personnel*

The major recommendation of the ARC, accepted by the Government, was the setting up of the Department of Personnel in August 1970

as a separate entity from the Ministry of Home Affairs, under an independent Secretary. The Department was located in the Cabinet Secretariat and functioned under the Prime Minister who was assisted by a Minister of State. The Department had six wings, of (a) Policy and Planning, (b) Training, (c) All India Service, (d) Establishment, (e) Vigilance, and (f) EO's wings. It inherited almost all the service functions of the Ministry of Home Affairs. The Policy and Planning Wing was entrusted with the task of formulating and giving shape to the policy and planning activities in the field of personnel administration in the Government of India. The Training Wing was to act as a clearing house for all training activities of the Government of India and to discharge both 'leadership' and 'service' functions in that area. Training was to play a critical role in re-orienting the attitudes, behaviour and ethics of administrators and in developing new skills and equipments needed for the development of administration. The All-India Services wing dealt with all matters relating to the IAS and ICS, other all India services, including creation of new services, rules and regulations under the All-India Services Act, and the history of the services including IES and ISS. The E.O.'s Wing was concerned with (i) all matters relating to recruitment, promotion, morale of the Central Services; (ii) The conditions of service of Central Government employees; (iii) cases received from the Ministry of Finance under Rule 4 of the Transaction of Business Rules; and (iv) all matters relating to the UPSC, Joint Consultative Machinery, Service Associations of the Employees of the Government of India, machinery for redress of staff grievances, etc. [Department of Personnel, 1972, Pp. 11-12].

The ARC had recommended the setting up of an Advisory Council on Personnel Administration to act as a feeder line of new ideas and thinking on personnel administration. It was to be composed of official and non-official experts in different aspects of personnel management drawn from all over the country. Accordingly, Government constituted an Advisory Council in September 1972, comprising official and non-official experts, for a period of two years in the first instance. The functions of the Council were (a) to

advise Government on broad policy matters in Personnel Administration, specially with a view to act as a feeder line of new ideas and thinking in that field; (b) to consider and recommend broad lines of policy in the field of Personnel Administration; and (c) to advise on matters in the field specifically placed before the Council for consideration [Department of Personnel, 1972, p. 14].

In 1973, the Department of Administrative Reforms was transferred from the Ministry of Home Affairs to the Department of Personnel to form the new Department of Personnel and Administrative Reforms. The administrative reforms wing of this new Department was responsible for (a) advising government on policy matters concerning administrative reforms; (b) providing management consultancy services to the organisations of the central government, state governments and public sector undertakings and local bodies and promoting modern management practices in these organisations; (c) promotion and development of management services effort in the central ministries and departments; and (d) imparting management education and disseminating information on administrative practices and modern management techniques [Mathur, 1981, Pp. 32-33].

#### *Fourth Five Year Plan, 1969-74*

The Fourth Plan document pointed out that implementation of plans was intimately associated with better organisation and operation of the general administrative machinery. There was need to incorporate in the administration, the technician, the specialist and the expert in an appropriate manner. The structure of the older organisation, and its line of command, were inevitably constructed under the generalist administrator. This had to undergo modification in that the specialist, the technician, and the expert had to be enabled to make their contribution in a responsible manner at all levels of administration. There was also need of inducing in the expert or the technician a proper appreciation of the administrative and economic aspects of the problems he handled. Unless the expert or the technician began to work at problems of Plan

formulation and implementation, not chiefly from the point of view of feasibility of technical performance or optimum technological requirements, but from the point of view of what could be the best arrangements under given administrative and economic constraints, his contribution to planning could not be very effective. It was possible that putting the technician or the expert in more responsible administrative positions might itself help in making progress towards the latter objective.

In order to develop the competence of personnel at different levels in the Centre and States engaged on tasks of Plan formulation, implementation and evaluation, the Plan suggested that training programmes would have to be suitably strengthened, developed and organised. The object of such training would be to impart necessary skills, develop right attitudes, increase decision-making abilities and stimulate critical and innovative thinking. These programmes should cover managerial, technical and administrative personnel at all levels engaged not only in planning work, but also in the execution of projects and programmes [Planning Commission, 1970, Pp. 111-112].

As mentioned earlier, legislation was enacted in September 1963 for the creation of three new all-India services, viz., the Indian Service of Engineers, the Indian Forest Service and the Indian Medical and Health Service. The Indian Forest Service was constituted from July 1966 and all the State Governments were participating in it. However, with regard to the Indian Medical and Health Service and the Indian Service of Engineers a number of States did not agree to participate in the two services. The Government of India, therefore dropped the proposal for constitution of these services in 1977 [Department of Personnel and Administrative Reforms, 1970, Pp. 2-3].

#### *Fifth Five Year Plan, 1974-79*

The draft Fifth Plan document referred to the problems in the implementation of the Plan programmes and what action was necessary to overcome them. Discussing what had been done during the Fourth Plan, the document mentioned that the problems of implementation arose out of

weaknesses at all levels of the implementing machinery starting with the Government Departments at the Centre and the States, through to the various non-secretariat organisations, autonomous Corporations, Boards and other authorities down to the organisations in the field at the project, district or village level. .... The development of the organisational framework had not kept pace with the increasing variety and complexity of the job that the State and Central Government had taken on. Rigid compartmentalisation in fields which required a high degree of integrated multi-disciplinary activity, excessively wide or narrow spans of control, lack of clear lines of responsibility, inadequate delegation of authority and improper relationship and positioning of line and staff functions had all hindered plan implementation [Planning Commission, 1974, Part I, p. 92].

Some of the steps taken or proposed to be taken by the Centre and State Governments included (a) setting up of commissions with a high degree of autonomy for atomic energy; electronic and space; their chiefs were invested concurrently with the status and power of Secretaries to Governments; (b) a Board type set-up similar to the Railway Board was provided for Posts and Telegraphs; (c) the Chairman of the CWPC and ICAR and the Steel Authority of India were given the status and powers of Secretaries to Government in their respective Ministries; and (d) specialists were increasingly inducted into the higher levels of secretariat administration to enable their effective participation in policy-making and programming for review of implementation. As recommended by the ARC, Internal Financial Advisers were appointed in Ministries/Departments making competent financial advice available internally to them. The ARC's recommendations regarding change in the system of working in the Central Secretariat were proposed to be implemented for securing (a) rational distribution of work within a ministry with manageable charges and unity of command at all levels; (b) reduction in the number of levels of consideration; (c) switch-over to the desk officer system; (d) flexibility in structuring patterns to match the tasks to be performed; (e) reduction of noting to essential matters; and (f) introduction of

aids to efficiency like the functional file and card indices for important matters, mechanisation and computerisation of complex reference/information systems. The Government was also considering the need to integrate the functions of the Director-General of Health Services with the concerned department/ministry [Planning Commission, 1974, Pp. 92-93].

The Plan recommended that while the process of induction of technological and other functional skills into departments was vital and should be accelerated, the need for coordination of such skills within a department could not be over-emphasised. Technologists who had the potential for taking on a wider role could be trained for the coordinating function, while those with a largely administrative background, before being placed in departments which were technologically complex, could be given some exposure to problems that they would be required to deal with through a reorientation programme, if need be. To avoid expertise built up in this way from being lost, it would be necessary to have suitable career planning for such officers both at the Central and State levels. Men of proven ability only, irrespective of their background, ought to be appointed to the highest policy making levels of the Government [Planning Commission, 1974, p. 93].

By January 1979, there were three all-India Services, namely the IAS, IPS and the Indian Forest Service. The cadre strength of the IAS stood at 4,267 while the number of officers in position was 3,765, and that of the Indian Forest Service was 1,737 and 1,328 respectively. In 1976, the Department of Personnel and Administrative Reforms was transferred back to the Ministry of House Affairs from the Cabinet Secretariat. Its functions were spelt out as follows:

*I. Nodal Functions:* (i) formulation of personnel policies on matters relating to recruitment, promotion and conditions of service; (ii) reservation of Scheduled Castes and Scheduled Tribes in the Services, (iii) discipline and morale in services including administrative vigilance; (iv) staff welfare; (v) training; and (vi) research in personnel administration.



II. *Substantive Functions*: (i) controlling and regulating the All-India Services and the Central Services like the Indian Economic Services, the Indian Statistical Service and the various Central Secretariat Services; (ii) personnel management; (iii) handling vigilance cases against officers controlled by the Department; (iv) training programmes including administrative matters connected with the LBS National Academy of Administration and ISTM; (v) administrative matters connected with the Central Bureau of Investigation, Union Public Service Commission and Staff Selection Commission [Department of Personnel and Administrative Reforms, 1979, Pp. 1-2].

III. *Administrative Reforms*: (i) advice to Government on policy matters concerning administrative reforms; (ii) provision of management consultancy services to organisations of central and state governments, public sector and local bodies; (iii) imparting of management education and dissemination of information on administrative practices and management techniques; and (iv) help in promotion and development of management effort in the Government generally [Department of Personnel and Administrative Reforms, 1979, p. 61].

#### *Reports of the Estimates Committees of the Lok Sabha*

The Estimates Committees of the Seventh and Eighth Lok Sabha had submitted reports on the all-India Services in April 1984 and November 1985, respectively. According to the Estimates Committee, the All India Services could contribute in vital spheres to the modernisation of administration for rapid socio-economic development of the country and strengthen national integration. They recommended that the Union Government should persuade State Governments to agree to the constitution of the Indian Service of Engineers and the Indian Medical and Health Services. The Committee also recommended that the Union Government may examine

the question of creating an all-India service in the field of education, after considering the recommendations of the National Commission on Teachers.

The Estimates Committee had observed that there were no clear criteria for determining the cadre strength of IAS officers for each State and the strength of senior duty posts had registered large increases which did not seem to be rational. Similarly, the deputation reserves in the various State cadres had undergone significant *ad hoc* increases without any check being exercised by the Union Government. Also the time taken by the State Civil Service Officers for getting included in the select list for promotion to the IAS varied from State to State. It was necessary to ensure uniform opportunities to State Service Officers for promotion to IAS, IPS and the Indian Forest Service. Further, the Committee observed that the promotion prospects of officers in the various State cadres in all the three All India Services were far from being uniform and recommended that the imbalances in promotion prospects in the different cadres should be corrected.

The Estimates Committee also found that the Union deputation quotas for officers of the All India Services in the various State cadres were being unutilised. Further, the guidelines issued by the Union Government in January 1976 in regard to the number of years to be put in by IAS direct recruits as SDOs, ADMs and District Collectors were not being followed by the State Governments. According to the Committee, a young IAS Officer posted as a Sub-Divisional Officer gains multi-functional experience. Therefore, the Union Government should persuade the State Governments to observe the guidelines in question, which would provide an IAS officer a stretch of field experience at the initial stage of his career.

The Estimates Committee saw merit in a gradual increase in the percentage of outsiders in the State cadres. This would enable the cadre officers to withstand local pressures. It would also lead to national integration. The Committee emphasised the need for creating conditions in which the large masses, particularly those in the rural areas, could have an equal opportunity to compete in the Civil Services examination with

the candidates belonging to the urban elite. They also suggested that the scheme for coaching SC/ST candidates to take the Civil Services examination should be extended to other backward classes [Sarkaria, 1988, Pp. 222-223].

In response to the recommendations of the Estimates Committees, the Union Government set up a Committee consisting of four secretaries to the Government of India and four chief secretaries of States to examine the problems in question. Some of the problems for which no ideal solutions were practicable were: (a) In arriving at the cadre strength for a State, factors like population, area, budget, etc., referred to by the Estimates Committee varied so widely as between one State and another, that it would be difficult to arrive at any formula based on all these factors. (b) There were very large differences among the States in the constitution and strength of the State Civil Services. Some States had recruitment procedures for manning posts in blocks and tahsils. In others, officers of the State Civil Services manned these posts. Consequently, the strengths of the State Civil Services varied widely, leading to different waiting periods for officers of those services before being promoted to the IAS. The problem was of getting the States to adopt an uniform organisational pattern for such posts. (c) As regards promotion prospects for IAS officers within a State, state governments resorted to the device of creating ex-cadre posts for appointing cadre officers due for promotion. The political executives at the State level regarded this as a functional necessity, notwithstanding that the Union Government was not in favour of this method of increasing the cadre strength.

As regards the deputation quotas to the Centre for officers of the All-India Services, even though every effort was made to ensure equity in utilisation of deputation reserve from the states, there were difficulties. (a) Most of the State Civil Services officers promoted to the IAS did not offer themselves for deputation to the Centre. Being advanced in age with only a few years left for superannuation, they preferred, for domestic reasons, to continue in the State. (b) Officers directly recruited were reluctant to be posted to Delhi on account of the paucity of residences for

officers in the tenure post. (c) The Union Government had its own process of selection/empanelment of IAS officers offered by the State Governments for deputation to the Centre. Consequently, the deputation reserve in each cadre (40 per cent of the senior duty posts) was not always fully utilised by the Union Government.

Based on the recommendation of the Estimates Committee, the Union Government asked the Union Public Service Commission to undertake a review of the system of Civil Services examination introduced in 1979 [Sarkaria, 1988, Pp. 222-223].

#### *Report of the Commission on Centre-State Relations, 1988*

In June 1983, the Government of India constituted a Commission with Justice R.S. Sarkaria as Chairman to 'examine and review the working of the existing arrangements between the Union and States in regard to powers, functions and responsibilities in all spheres and recommend such changes or other measures as may be appropriate', [Sarkaria, 1988, p. 551]. The Commission submitted its Report in 1988.

The Commission discussed the role of the All India Services in the coordination and clear understanding between the Union and State Governments at all relevant levels in formulating and implementing policies and programmes, particularly those which had nation-wide or inter-state implications. According to the Commission, administration comprised civil servants who had to assist the elected government in policy formulation and implementation. There had to be close rapport and mutual trust between the Ministers and civil servants. Ministers had to defend in the legislature the *bona fide* decisions and actions of civil servants. The latter were expected to implement faithfully the policies of the government in power, whatever its political complexions and policies, and to remain faceless and nameless in the legislature. Employees in the government ought to be described as 'public servants' and not 'civil servants'. The former expression emphasised the point that they were servants of the people and not of the members of

the government [Sarkaria, 1988, p. 219].

The Commission sought the views of the State Governments and others on (a) whether the All India Services had fulfilled the expectations of the Constitution-makers, and (b) whether the State Governments should have greater control over them. Based on these replies, as also the recommendations of the Administrative Reforms Commission and the Estimates Committees of Parliament, the Commission concluded that the All-India Services are as much necessary today as they were when the Constitution was framed and continue to be one of the premier institutions for maintaining the unity of the country. Undoubtedly, the members of the All India Services had shown themselves capable of discharging the roles that the framers of the Constitution envisaged for them. Any move to disband the All India Services or to permit a State Government to opt out of the scheme must be regarded as retrograde and harmful to the larger interest of the country. Such a step is sure to encourage parochial tendencies and undermine the integrity, cohesion, efficiency and coordination in administration of the country as a whole. The All-India Services should be further strengthened and greater emphasis given on the role expected to be played by them. This could be achieved through well-planned improvements in selection, training, deployment, development and promotion policies and methods. The present accent on generalism should yield place to greater specialisation in one or more areas of public administration. Training and career development policies should be geared to this objective. Disciplinary control should aim at nurturing the best service traditions and relentless weeding out of those who fail to make the grade. Finally, there should be greater coordination and periodical dialogue between the authorities in the Union and the State Governments who are responsible for the management of these services. There should be an element of compulsion in the matter of deputation of officers of All India Services to the Union. The informal practice followed by the State Governments of obtaining the consent of the officers who are to be sent on deputation should be given up. Every All India Service officer, whether he is a direct recruit or a promoted officer,

should be required to put in a minimum period under the Union Government and, for this purpose, the minimum number of spells of Union deputation should be laid down for direct recruits and promoted officers separately. Among those on deputation to the Union from a State and among those serving in the State, the number of 'insiders' and 'outsiders' should be almost equal. - It should be ensured that services of the best among All India Service officers are not monopolised by the Union Government but are also readily available to the State Governments to whose cadres they belong. The Union Government may persuade the State Governments to agree to the constitution of the Indian Service of Engineers, the Indian Medical and Health Services and an All India Service for Education. All India Services in sectors like agriculture, cooperation, industry, etc. should also be constituted. To begin with, a pool of officers drawn from the Union and various State Governments may be created in each of these sectors. These officers should be made available for posting for fixed tenures and with attractive special pays in Governments other than their own. After the pool system is worked successfully for a few years steps may be taken to constitute an All India Service in the sector [Sarkaria, 1988, Pp. 229-231 and p. 220].

*Report of the Committee of Experts on Civil Service Examinations, 1989*

As mentioned earlier the UPSC were requested to review the system of Civil Services examinations introduced in 1979. Accordingly, the UPSC appointed in September 1988, a Committee of Experts under the Chairmanship of Professor Satish Chandra to review the scheme of civil service examination with the following terms of reference: (a) to review and evaluate the system of selection to All India and Central Services and to make recommendations which may be desirable for further improvements having regard *inter alia* to the needs for various services; (b) to examine the inclusion of certain other subjects, particularly medical subjects, in the scheme of the examination and also exclusion of any subject, if

considered necessary; (c) to examine the introduction of lectures, group discussions, psychological and aptitude tests, etc., in the recruitment procedure; and (d) any other matter relevant to the subject. Later in May 1989, the UPSC referred two other terms to the Committee, viz., (i) to examine the issues relating to the UPSC introducing a multilingual system of examinations for all the services and make recommendation in this behalf having regard to (a) the official Language Resolution passed by Parliament in 1968; (b) administrative and other aspects, such as the crucial need of maintaining confidentiality, credibility and integrity of the examination system; (c) the phasing of such an introduction and the infrastructural support that would be necessary in case the recommendation was in favour of a multilingual system; and (d) any other matters having a bearing on this subject; (ii) to examine the demand for the discontinuance of a compulsory paper in English in the Civil Services Examination as well as in certain other examinations held by the UPSC [UPSC, 1989 and 1990].

The Committee submitted its first report in August 1989 wherein it recommended the maintenance of *status quo* in the prevalent scheme of the Civil Service examination except for the inclusion of an essay paper of 200 marks and the deletion of certain optional subjects from the syllabi for the main examination [Ministry of Personnel, 1992, p. 3].

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## EFFECTIVE INCENTIVES IN INDIA'S AGRICULTURE: CASE OF COARSE CEREALS

Pradeep K Sharma

*This study examines the impact of government intervention in coarse cereals markets. Estimates of 'effective incentives' measured through protection coefficients for sorghum (jowar) and maize are reported at state level. On an average, at shadow exchange rates, sorghum and maize received low incentives in relation to international prices under importable hypothesis from 1980-81 to 1992-93. Neither of the commodities emerges as efficient exportable. These results imply that coarse cereals economy would not be affected significantly under a free-trade scenario, a situation akin to pulses. These results thus indicate that this is the appropriate time to open up coarse cereals to global markets.*

Government intervention in agricultural markets affects the level of prices received by cultivators. In the absence of this intervention, they would have received international prices ruling under free-trade scenario. Hence the divergence between the prices the cultivators actually receive and the prices that they would have received under the free-trade conditions offers a measure of 'effective incentive' to cultivators with government intervention. Such divergences, often called 'distortions' in trade literature, are measured through 'protection coefficients'. If domestic price of a commodity is higher than its international price, the commodity is said to be protected and thus enjoying higher level of effective incentives. But if the domestic price is lower than the international price, the commodity is said to be disprotected or 'taxed'. Since the level and structure of effective incentives for different commodities have far-reaching implications for efficiency in resource allocation, it is important to study them.

In Indian agriculture, such studies are now available for different commodities<sup>1</sup>. Though these commodities account for a significant share in area and production of the crop sector, a study on coarse cereals, which account for over 30 per cent of area under foodgrains, is non-existent<sup>2</sup>. The present paper attempts to fill this gap with special reference to two coarse cereals namely, sorghum (jowar) and maize<sup>3</sup>.

Subsequent sections present an overview of

government intervention in coarse cereals economy and provide estimates of effective incentives (measured through protection coefficients) for sorghum and maize from 1980-81 to 1992-93.

### GOVERNMENT INTERVENTION IN COARSE CEREALS ECONOMY

As in the case of other commodities, government intervention in coarse cereals takes place on both domestic and international fronts. In the domestic market, the government announces minimum support/procurement prices for major coarse grains<sup>4</sup>. Unlike pulses and oilseeds, where ruling market prices are much above the support prices and hence procurement under price support scheme is generally not required, the market prices of coarse grains have ruled below support levels in many years in different states<sup>5</sup>. This necessitates market intervention by government through procurement at support prices<sup>6</sup>. Actual procurement of coarse grains and stocks held by public agencies have, however, been very low and fluctuating for various reasons<sup>7</sup>. Coarse grains are distributed through the public distribution system in very small quantities (see Annexure I). On the external front, the imports of coarse cereals are canalised through the Food Corporation of India (FCI), though there have been no imports in recent years. Exports are allowed subject to a ceiling fixed by government and administered by Agricultural and Processed Food Products Export Development Authority (APEDA). Until recently, exports were also subject to a minimum export price (MEP). However, MEP was removed from these exports in January, 1993.

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## MEASUREMENT OF EFFECTIVE INCENTIVES

In this paper we discard the autarkic framework which uses domestic prices of output and inputs to measure the level of incentives. Instead we use open economy framework and measure incentives in relation to international prices or 'effective' incentives. 'Effective' incentives are defined as incentives a farmer would have received in a counterfactual free-trade scenario compared with what he actually receives in trade autarky. Effective incentives can be measured variously but we have measured them through three protection coefficients, namely, Nominal Protection Coefficient (NPC); Effective Protection Coefficient (EPC) and Effective Subsidy Coefficient (ESC).

NPC is the ratio of the domestic price to world reference price of the commodity under consideration. In this study domestic price is approximated by wholesale price. World reference price is derived from the international price adjusted for transport and marketing costs<sup>8</sup>. An NPC greater than unity indicates protection to the crop while less than unity implies taxation in relation to the free-trade scenario. EPC is defined as the ratio between value added at domestic prices and value added at reference prices. Apparently, this measure of incentive requires a detailed knowledge of input structure of the commodity under consideration and the NPC not only of the output but also traded (tradeable) inputs. Again, a coefficient greater than unity means protection, and less than unity indicates disprotection (taxation). If EPC of output is greater than its NPC, it means that NPC of output (inputs) in question is more (less) than NPC of the inputs (output). Finally, ESC measures protection with net subsidies on non-traded inputs. Essentially, it is the ratio of value added at domestic prices plus subsidies (net of taxes) on non-traded inputs divided by value added at reference price. Net subsidy on traded (tradeable) inputs is already taken into account while calculating EPC. Estimates of these three coefficients for sorghum and maize are presented in the following sections.

*Nominal Protection Coefficient*

As already stated, NPC of a product is the ratio of its domestic price to its reference price. NPC can be estimated by treating the product either as

a substitute of import or as an exportable. The former approach (importable hypothesis) assumes that the product competes at the domestic port with imports inclusive of their international transport costs. Long distances involving high transport costs thus provide natural protection to domestic production. If the product is treated as an exportable (exportable hypothesis), then the product competes at a foreign port. In that case, international transport costs are excluded from the world price. The two hypotheses will, therefore, yield different estimates of protection coefficients.

Estimates have been presented only under importable hypothesis. During the period between 1980-81 and 1992-93, India neither imported nor exported large quantities of coarse grains. In fact, until 1977 exports of coarse grains were banned. But since India has been an overall importer of foodgrains, and coarse grains were imported to supplement imports of rice and wheat, we have considered importable hypothesis to be the most appropriate for reporting effective incentive estimates<sup>9</sup>.

For a large country like India, it is also desirable that region-specific protection coefficients are estimated with reference to whether these regions are deficit or surplus in the product under consideration. This involves some adjustments in estimating reference price of output. If we are working out NPC for a surplus state, then the transport and marketing costs are deducted from the landed cost (c & f price at shadow exchange rate plus port clearance charges) to arrive at the reference price. However, if we have a deficit state in mind then these charges are added to the landed cost to get the reference price<sup>10</sup>. In other words, the burden of competition falls on the surplus state.

Identification of deficit/surplus regions can be done fairly easily for commodities like wheat and rice on the basis of whether the state is a net contributor to the central pool or a net drawer from it. In case of coarse grains, no such pool exists and much of movement is by private traders. In case of sorghum, surplus/deficit regions were identified on the basis of movement of the grain between states, information on which is available in many ICRISAT studies [see von Oppen and Rao, 1981]. Accordingly, Madhya Pradesh and Andhra Pradesh were identified as surplus states since sorghum moves out of these states, and

Maharashtra and Gujarat as deficit states which have in-movement of sorghum from other states. These four states account for 73 per cent of production of sorghum<sup>11</sup>.

In case of maize, Uttar Pradesh, Madhya Pradesh, Rajasthan and Bihar are major producing states (accounting for 56 per cent of total maize production) but the prices for internationally comparable variety are available only for Gujarat and Madhya Pradesh (combined production about 20 per cent of the total). This restricts our analysis to two states out of which Madhya Pradesh is taken as a surplus state, which is based on available information on procurement of maize from various states. Gujarat has an overall deficit of coarse cereals including maize and has been treated as a deficit state.

Estimation of protection coefficients also requires adjustment of transport and marketing costs. To the extent a product has to be transported, marketed and processed, the level of incentives to the farmers gets squeezed. It is, therefore, necessary that we have an estimate of international and domestic transport costs, domestic marketing costs and margins and processing costs<sup>12</sup>.

In case of sorghum, it is assumed that domestic production competes at Bombay in case of Madhya Pradesh, Gujarat and Maharashtra and at Madras in case of Andhra Pradesh. However, due to non-availability of US Gulf-Madras freight rates, we have used the US Gulf-Bombay rates as a proxy for Andhra Pradesh. But domestic transport costs used are with reference to Madras. In case of maize, Bombay is taken as the port of competition for both Gujarat and Maharashtra.

The reference prices of sorghum and maize for deficit and surplus states are formed as follows. For sorghum, reference price in Madhya Pradesh (assumed as a surplus state) is equal to landed cost minus marketing costs minus transport costs from Bombay to Ujjain (the market centre for which relevant wholesale price is available). It is similar for Andhra Pradesh except that the relevant domestic transport cost to be deducted from landed cost is from Madras to Nandyal (the market for domestic price). For Maharashtra and Gujarat (deficit states) reference prices are worked out as reference price in a surplus market (Ujjain, Madhya Pradesh) plus marketing costs plus transport costs from Ujjain to relevant

domestic centre which is Ahmednagar in Maharashtra and Surat in Gujarat.

In case of maize, reference price in surplus Madhya Pradesh is equal to landed cost at Bombay, minus marketing costs minus transport costs from Bombay to Chhindwara (centre for which relevant domestic price is available). For deficit Gujarat reference price is equal to reference price in surplus state (Chhindwara, Madhya Pradesh) plus marketing costs plus transport costs from Chhindwara to Dohad (centre in Gujarat for which wholesale price is available).

In comparing domestic prices with international prices, due care has to be exercised that the principle of 'like is compared with like' is not violated. Domestic and international prices of comparable varieties only should be used. In this study, USA No 2 yellow varieties of sorghum and maize are used as comparators of domestic yellow varieties.

Comparing varieties in case of commodities where there is regular international trade poses little problem. Importing/exporting agencies can tell about the comparability. However, barring some concessional imports, there has been little commercial trade in sorghum or maize in the recent past. Since the US varieties of sorghum and maize are not directly traded in India, any straight comparison of varieties is not possible. But since we are comparing international yellow varieties with domestic yellow varieties, it is hoped that in the absence of better information, the comparison is not out of line<sup>13</sup>.

In the estimation of protection coefficients, there is also the need for adjusting the value of non-tradeable by-products (such as fodder). If a by-product is tradeable, such as cotton-seed, the NPC becomes the weighted average of NPCs of main product and by-product, weights being their relative values at reference prices. When the by-product is non-tradeable, its value must be allowed in estimation of protection coefficients. In the NPC, the value of by-product should be added at its domestic price both in its numerator and denominator [Pursell and Roger, 1985].

In the case of sorghum, the share of by-product in the main product is particularly large as some farmers grow sorghum mainly for fodder. Value of by-product of maize is relatively small but has nevertheless been taken into account while estimating NPC. The value of by-product for these crops for different states has been taken from the

Cost of Cultivation data for the available years. The ratio of by-product to main product has been used to derive the value of by-product per unit of output and added to reference price and domestic price to get adjusted estimates of NPC<sup>14</sup>.

The procedure described above assumes that the value of the by-product will remain unchanged under free-trade scenario. Normally, this may not be correct. Free trade will bring down the domestic price of the commodity, if the commodity is protected and raise it, if there is dis-protection on the commodity. Depending on the supply response, supply of both main product and by-product will be adjusted once free trade is allowed. This will change the price and hence the value of by-product. But the assumption that we have made for sorghum and maize may not be unrealistic. This is because the level of incentives is low for both these crops. It means that even under a free-trade scenario, the value of by-product will remain largely unchanged. Estimates of NPCs in the present study have been reported after making this adjustment for the value of the by-product.

Finally, 'effective' incentives are worked out at shadow exchange rates taken to be 20 per cent higher than the official exchange rates. After unification, market exchange rates represent shadow exchange rates. This adjustment was important because at official exchange rates, which are overvalued, nominal producer incentives appear to be high in relation to world markets though in fact they may be declining.

#### *Estimates of NPC : Sorghum and Maize*

The estimates of NPC for sorghum and maize (under importable hypothesis) are presented in Table 1. For details, see Annexures II and III. Results show that, even after adjusting for over-valued exchange rates, sorghum received neither high incentives nor low in relation to international prices as suggested by the weighted average NPC of 0.91 over 1980-81 to 1992-93. NPC was lower than this weighted average in Madhya Pradesh (0.84) and Andhra Pradesh (0.87) but higher in Gujarat (0.98) and Maharashtra (0.95). Temporally, NPC estimates show wide fluctuations. In most years, they remain below unity except in 1985-86 to 1987-88, the years of sharp decline in international prices.

NPC estimates for maize suggest that it is

somewhat disprotected, though the level of dis-protection is not very high as evident from the weighted average NPC of 0.84. In Madhya Pradesh, average NPC during 1980-81 to 1992-93 was 0.82 and in Gujarat it was 0.88. There have, of course, been year to year fluctuations. Only in 1986-87 and 1987-88, did NPCs exceed unity due to sharp decline in world prices.

The results are robust with respect to alternative estimates of marketing costs. But if the value of by-product is not adjusted, the NPC estimates are marginally affected though the overall direction of results does not change.

#### *Effective Protection Coefficient*

Defined as the ratio of value added at domestic prices to value added at international prices, effective protection coefficient is a better measure of protection since it adjusts the nominal protection on output for the protection on the relevant traded (tradeable) inputs. Value added here is defined as the difference between sales value of output and value of all traded (tradeable) inputs.

As stated earlier, estimation of EPC requires detailed knowledge about input cost structure. This structure for different states for which NPCs were estimated is given in Annexure IV. It reveals that traded inputs are a very small proportion of the total cost of production. In case of sorghum, in Madhya Pradesh it averaged to just 6.35 per cent; in Andhra Pradesh it was 8 per cent; in Gujarat 13.73 per cent and in Maharashtra 9.04 per cent.

In the case of maize, the share of purchased inputs in total cost of production in Madhya Pradesh was around 12 per cent (average of 1983-84 and 1985-86) while in Rajasthan, used as a proxy for Gujarat, it was 8.9 per cent (triennium ending 1984-85).

Estimation of EPC on output requires estimates of NPC on traded (tradeable) inputs. The input cost structure mentioned above indicates that main traded (tradeable) inputs are seeds, fertilisers, pesticides and farm machinery. Use of pesticides in coarse grains is negligible and has been ignored. NPC on seeds is taken as equal to NPC on output. NPC on farm machinery is proxied by NPC on tractors. NPC on fertilisers represents weighted average of NPCs on N, P and K with respective consumption as weights. NPCs on these inputs were combined to get crop- and

state-specific weighted average NPC on all traded (tradeable) inputs, weights being share of value of a particular input in wholesale price of output [see Gulati *et al.*, 1990].

#### *Estimates of EPC: Sorghum and Maize*

Estimates of EPC for sorghum and maize may be seen in Table 2. Detailed calculations are given in Annexures V and VI. Since the share of traded (tradeable) inputs in total cost of production is small, estimates of EPC are not much different from estimates of NPC. Thus the weighted average EPC (1980-81 to 1992-93) of sorghum works out to be 0.91 which is the same as its corresponding NPC. Regionally, EPC was estimated at 0.83 for Madhya Pradesh (NPC = 0.84); 0.87 for Andhra Pradesh (NPC = 0.87); 0.94 for Maharashtra (NPC = 0.95) and 0.98 for Gujarat (NPC = 0.98).

EPC of maize has been worked out for Madhya Pradesh and Gujarat. Overall weighted average at 0.83 is not different from corresponding NPC of 0.84. The average EPC for Madhya Pradesh turns out to be 0.81 (NPC = 0.82) and for Gujarat average EPC was 0.88 same as its NPC.

#### *Effective Subsidy Coefficient*

ESC not only accounts for protection on traded (tradeable) inputs, it also adjusts for subsidy on non-tradeable inputs like irrigation, electricity and credit. Estimation of ESC requires estimates of subsidy on these inputs. Each of these subsidies then has to be allocated across crops under consideration and per unit of output subsidy derived. Following Gulati *et al.*, (1990), we made an attempt to derive per quintal subsidy on non-tradeable inputs for sorghum and maize. However, this exercise (done on a sample basis) did not change estimates of EPC which themselves were not very different from NPC estimates.

This is not surprising considering very low use of non-tradeable inputs in production of the two crops under study. In case of sorghum, area under irrigation is less than 1 per cent in Madhya Pradesh, less than 2 per cent in Andhra Pradesh, about 3 per cent in Gujarat and 6 per cent in Maharashtra (in 1988-89). For maize, out of two states studied, coverage under irrigation in Madhya Pradesh is less than 1 per cent and Gujarat about 6 per cent though at all-India level coverage

under irrigation is 21 per cent. This would imply negligible irrigation subsidy on these crops. Moreover, in most of these states, irrigation is largely through non-energised wells which does not attract much subsidy. Thus subsidy on canal irrigation and electricity enjoyed by the crops under consideration would be so small that it will make no difference to the results and the elaborate exercise of allocation was not worth pursuing. This applies to credit subsidy as well. Since credit is required mainly for purchasing inputs (tradeable or non-tradeable) of which the use in the production of sorghum and maize is very small, credit subsidy is also not likely to make ESC estimates any different from EPC estimates. We are, therefore, not reporting any separate estimates of ESC which may be taken to be equal to EPC estimates.

#### CONCLUSIONS

Results indicate that at exchange rates adjusted for overvaluation, sorghum and maize received low level of incentives in relation to international prices on an average from 1980-81 to 1992-93. Sorghum clearly received neutral incentives while maize was marginally disprotected. In any case, landed cost of both these commodities is considerably higher than the domestic prices. This means that even if free imports in these commodities were allowed, it would not affect domestic markets in any significant manner. This is the right time to open up coarse cereals to global markets. This would need decanalisation of imports and removal of non-tariff barriers on imports. As in the case of pulses, free imports of coarse cereals could be allowed subject to a duty of, say, 10 per cent.

#### NOTES

1. These include rice, wheat, cotton, groundnut, mustardseed, sunflowerseed, soyabean, natural rubber, tobacco, sugarcane and pulses. Major findings of these studies are synthesised in Gulati and Sharma [1991] and Gulati and Pursell [1993].

2. Except Sharma [1992] which follows a different methodology than is used here.

3. Though pearl millet (bajra) is another important coarse grain in India, it is not traded internationally. Therefore, world prices for this crop are not available and effective incentives cannot be worked out. Barley has large international trade, but it is a relatively small crop in India and has been excluded from the study.

4. These support prices are uniform for all major kharif coarse cereals e.g. sorghum, maize, pearl millet and ragi. Separate support price is announced for barley which is a rabi crop. For the first time in 1991-92, support prices announced were different (higher) for maize than for other coarse cereals. This continued in 1992-93 and 1993-94.

5. This is documented in the *Report of the CACP on Price Policy for Kharif Crops of 1993-94 Season*, [see India, 1993(a)] as well as the *Report of the Parliamentary Committee on Agriculture* under the Chairmanship of J. Chokkarao, [see India, 1993(b)].

6. The nodal agency designated by the government for carrying out price support operations has been the Food Corporation of India (FCI) till 1983-84. In subsequent years, this responsibility was given to NAFED. With effect from marketing year 1990-91, FCI has again been designated as the nodal agency. This was done to enable the FCI to utilise its existing infrastructure for wheat and rice and be more effective in providing price support to producers of coarse cereals.

7. These include small marketed surplus (sorghum 33 per cent and maize 27 per cent, [as per India, 1988]; uncertain and fluctuating supplies due to low level of irrigation and strong influence of weather; low shelf-life of coarse grains which discourages procuring agencies to buy large quantities; and much larger regional spread of marketed surplus of coarse cereals raising unit cost of procurement compared with that of wheat or rice. It has been argued that mopping up of large quantities of coarse cereals would raise their prices and hurt the low-income producer-consumers.

8. Domestic prices used are wholesale prices of yellow varieties at different centres mentioned in the paper and have been taken from *Agricultural Prices in India* [Directorate of Economics and Statistics, Ministry of Agriculture]. International prices are fob US Gulf prices of US No 2 Yellow varieties of sorghum and maize and are taken from *FAO Quarterly Bulletin of Statistics* (various issues). International freight from US Gulf to Bombay is assumed to be same as for wheat and is taken from *FAO Trade Year Book* (various issues). Official exchange rates are from *RBI Bulletin* (various issues). Port clearance charges are assumed to be same as for rice or wheat and are taken from *FCI Annual Reports* of different years. Domestic marketing costs and margins are taken at 6 per cent of wholesale price and domestic transport costs have been worked out, as per Sharma, [1991].

9. Protection coefficients were also worked out under exportable hypothesis but in none of the years sorghum or maize was found to be an efficient exportable. Hence, exportable hypothesis is not relevant and was excluded from analysis.

10. As a matter of fact, for a deficit state, reference price is the lower of the two: cif price plus port clearance charges plus transport costs from port to deficit state plus marketing costs and margins OR reference price in surplus centre plus transport costs from surplus centre to deficit centre plus marketing costs and margins.

11. Karnataka with 13.45 per cent share in production is another major sorghum producing state but had to be excluded from our study due to non-availability of domestic prices of the relevant variety.

12. Processing costs only upto that point are relevant which are necessary in making a product internationally tradeable. In the present study, processing costs are not involved.

13. Tim Kelley of ICRISAT, in a personal communication, states that US sorghum is essentially an animal feed not comparable to Indian sorghum which is almost totally used for direct human consumption. However, both US sorghum and maize have been imported in India at some point of time and found to be suitable for human consumption. As long as the varieties are comparable, the end-use of a product does not affect estimation of effective incentives.

14. The shares of by-product in the value of main product for sorghum work out to 54 per cent in Maharashtra (average of 1982-83 and 1983-84), 30 per cent in Andhra Pradesh (1984-85), 76 per cent in Gujarat (average of 1981-82 to 1983-84) and 33 per cent in Madhya Pradesh (average of 1982-83 to 1985-86). In case of maize, the share was 27 per cent in Madhya Pradesh (average of 1981-82, 1983-84 and 1985-86) and 52 per cent in Rajasthan (as a proxy for Gujarat, average of 1982-83 to 1984-85). These shares have been used for the entire period of the study.

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TABLE 1: NOMINAL PROTECTION COEFFICIENTS OF SORGHUM AND MAIZE (IMPORTABLE HYPOTHESIS)

States	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
<b>SORGHUM</b>														
Madhya Pradesh	0.78 (0.22)	0.83 (0.20)	0.81 (0.16)	0.76 (0.22)	0.75 (0.17)	0.97 (0.22)	1.11 (0.20)	0.91 (0.17)	0.85 (0.22)	0.82 (0.17)	0.68 (0.16)	0.83 (0.19)	0.76 (0.19)	0.84
Andhra Pradesh	0.84 (0.13)	0.95 (0.14)	0.79 (0.18)	0.87 (0.13)	0.74 (0.14)	0.85 (0.15)	1.00 (0.16)	0.99 (0.11)	0.97 (0.08)	0.76 (0.08)	0.81 (0.09)	0.98 (0.07)	0.81 (0.12)	0.87
Maharashtra	0.91 (0.58)	1.03 (0.59)	0.98 (0.60)	1.01 (0.59)	0.91 (0.62)	1.16 (0.56)	1.30 (0.59)	1.06 (0.51)	0.89 (0.64)	0.84 (0.71)	0.70 (0.71)	0.87 (1.02)	0.64 (1.30)	0.95
Gujarat	0.88 (0.07)	0.94 (0.07)	0.91 (0.06)	0.87 (0.07)	0.81 (0.06)	1.05 (0.05)	1.31 (0.04)	1.16 (0.01)	0.92 (0.06)	0.87 (0.04)	0.73 (0.04)	1.02 (0.04)	1.30 (0.04)	0.98
Weighted Average	0.87	0.97	0.91	0.94	0.84	1.04	1.20	1.02	0.89	0.83	0.71	0.89	0.72	0.91
<b>MAIZE</b>														
Madhya Pradesh	0.73 (0.62)	0.84 (0.64)	0.89 (0.71)	0.65 (0.69)	0.68 (0.74)	0.98 (0.85)	1.14 (0.61)	1.00 (0.89)	0.84 (0.70)	0.67 (0.72)	0.62 (0.72)	0.97 (0.72)	0.70 (0.72)	0.82
Gujarat	0.83 (0.38)	0.90 (0.36)	0.96 (0.29)	0.71 (0.31)	0.79 (0.26)	1.06 (0.15)	1.09 (0.39)	1.09 (0.11)	0.78 (0.30)	0.77 (0.28)	0.83 (0.28)	0.93 (0.28)	0.74 (0.28)	0.88
Weighted Average	0.77	0.86	0.91	0.67	0.71	0.99	1.12	1.01	0.82	0.70	0.68	0.96	0.71	0.84

Note: Figures within brackets are value weights at reference prices used to derive weighted average NPC of states. For estimation of value weights, see Annexures VII and VIII.

TABLE 2: EFFECTIVE PROTECTION COEFFICIENTS OF SORGHUM AND MAIZE (IMPORTABLE HYPOTHESIS)

States	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
<b>SORGHUM</b>														
Madhya Pradesh	0.77 (0.22)	0.82 (0.20)	0.80 (0.16)	0.75 (0.22)	0.74 (0.17)	0.97 (0.22)	1.10 (0.20)	0.90 (0.17)	0.85 (0.22)	0.81 (0.17)	0.67 (0.16)	0.82 (0.19)	0.75 (0.19)	0.83
Andhra Pradesh	0.84 (0.13)	0.94 (0.14)	0.77 (0.18)	0.86 (0.13)	0.73 (0.14)	0.85 (0.15)	0.99 (0.16)	0.99 (0.11)	0.98 (0.08)	0.75 (0.08)	0.80 (0.09)	0.99 (0.07)	0.80 (0.12)	0.87
Maharashtra	0.91 (0.58)	1.03 (0.59)	0.97 (0.60)	1.00 (0.59)	0.91 (0.62)	1.18 (0.56)	1.30 (0.59)	1.06 (0.70)	0.89 (0.64)	0.84 (0.71)	0.69 (0.71)	0.87 (1.03)	0.62 (1.38)	0.94
Gujarat	0.87 (0.07)	0.92 (0.07)	0.89 (0.06)	0.85 (0.07)	0.80 (0.06)	1.06 (0.05)	1.32 (0.04)	1.15 (0.01)	0.92 (0.06)	0.86 (0.04)	0.70 (0.04)	1.03 (0.04)	1.38 (0.04)	0.98
Weighted Average	0.87	0.97	0.90	0.93	0.84	1.05	1.20	1.02	0.89	0.83	0.70	0.89	0.70	0.91
<b>MAIZE</b>														
Madhya Pradesh	0.71 (0.62)	0.82 (0.64)	0.87 (0.71)	0.62 (0.69)	0.67 (0.74)	1.00 (0.85)	1.14 (0.61)	0.99 (0.89)	0.84 (0.70)	0.65 (0.72)	0.60 (0.72)	0.99 (0.72)	0.68 (0.72)	0.81
Gujarat	0.83 (0.38)	0.89 (0.36)	0.95 (0.29)	0.69 (0.31)	0.79 (0.26)	1.08 (0.15)	1.09 (0.39)	1.09 (0.11)	0.78 (0.30)	0.77 (0.28)	0.83 (0.28)	0.94 (0.28)	0.73 (0.28)	0.88
Weighted Average	0.76	0.85	0.89	0.64	0.70	1.01	1.12	1.00	0.82	0.68	0.66	0.98	0.69	0.83

Note: Figures within brackets are value weights at reference prices used to derive weighted average EPC of states. For estimation of value weights, see Annexures VII and VIII.



## ANNEXURE I: PROCUREMENT AND DISTRIBUTION OF COARSE CEREALS

Year (Oct-Sept.)	Procurement of Coarse Cereals			Distribution of Total Coarse Cereals
	Sorghum	Maize	Bajra	
1980-81	101	Neg.	-	204
1981-82	208	9	-	109
1982-83	172	-	-	219
1983-84	18	21	1	114
1984-85	192	19	Neg.	60
1985-86	99	-	Neg.	305
1986-87	15	1	-	106
1987-88	209	5	-	173
1988-89	1	Neg.	33	146
1989-90	190	1	1	60
1990-91	203	-	-	260
1991-92	-	-	-	366
1992-93	770	17	13	NA

Notes: Both procurement and distribution represent total of central and state governments. Distribution figures are not available separately for individual coarse cereals. Procurement of three coarse cereals may not add up to total coarse cereals in some years due to omission of ragi.

Neg. Negligible (less than 500 tonnes). - Nil. @ upto Dec. 1991. NA = Not Available.

Source: *Bulletin of Food Statistics* (various issues) and Department of Food, Government of India.

## ANNEXURE II: ESTIMATES OF NPC'S OF SORGHUM (IMPORTABLE HYPOTHESIS)

Particulars	Unit	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
1. Price (fob, US Gulf) Oct-Sep	US\$/MT	135.40	109.70	122.50	124.80	106.40	88.90	71.60	91.80	107.60	106.10	104.00	108.33	93.33	
2. Freight	US\$/MT	53.86	46.42	29.54	30.00	30.00	30.00	25.33	25.75	43.58	42.00	41.00	41.00	41.00	
3. Shadow Exchange Rate (Oct-Sep)	Rs/US\$	10.03	11.21	11.97	13.11	14.85	14.85	15.55	16.13	18.86	20.65	24.90	30.69	31.17	
4. Price (c & f)=(1+2)*(3)/10	Rs/qr	189.83	175.01	181.99	202.94	202.55	176.57	150.73	189.61	285.13	305.83	361.05	458.29	418.71	
5. Port clearance charges	Rs/qr	8.39	6.99	7.44	10.18	18.44	11.99	15.27	10.16	14.66	10.16	11.18	12.29	13.52	
6. Landed cost at port (4+5)	Rs/qr	198.22	182.00	189.43	213.12	220.99	188.56	166.00	199.77	299.79	315.99	372.23	470.59	432.23	
MADHYA PRADESH															
7. Wholesale price (Ujjain) Oct-Sep	Rs/qr	131.95	128.38	127.57	134.22	137.21	156.71	160.46	150.88	215.54	215.00	204.42	330.91	271.87	
8. Marketing costs and margins (@ 6% of wholesale price)	Rs/qr	7.92	7.70	7.65	8.05	8.23	9.40	9.63	9.05	12.93	12.90	12.27	19.85	16.31	
9. Transport costs (Bombay-Ujjain)	Rs/qr	7.61	10.07	13.12	13.80	13.80	17.07	17.07	20.65	20.65	24.30	26.73	29.40	32.34	
10. Reference price (6-8-9)	Rs/qr	182.69	164.23	168.66	191.27	198.96	162.08	139.30	170.07	266.20	278.79	333.23	421.33	383.57	
11. NPC for Madhya Pradesh (7/10)		0.72	0.78	0.76	0.70	0.69	0.97	1.15	0.89	0.81	0.77	0.61	0.79	0.71	0.80
11* NPC Adjusted for By-product		0.78	0.83	0.81	0.76	0.75	0.97	1.11	0.91	0.85	0.82	0.68	0.83	0.76	0.84

(Contd.)

## ANNEXURE II: (CONCLD.)

Particulars	Unit	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
<b>ANDHRA PRADESH</b>															
12. Wholesale price (Nandyal) Oct-Sep	Rs/qt	148.08	154.38	128.28	161.37	138.57	138.38	148.33	175.85	260.40	205.85	259.52	419.82	301.11	
13. Marketing costs and margins (@ 6% of wholesale price)	Rs/qt	8.88	9.26	7.70	9.68	8.31	8.30	8.90	10.55	15.62	12.35	15.57	25.19	18.07	
14. Transport costs (Madras-Nandyal)	Rs/qt	5.08	6.72	7.39	9.14	9.14	9.14	9.14	10.61	11.25	13.24	14.56	16.02	17.62	
15. Reference price (6-13-14)	Rs/qt	184.25	166.02	174.35	194.30	203.54	171.11	147.96	178.61	272.91	290.40	342.09	429.38	396.54	
16. NPC for Andhra Pradesh (12/15)		0.80	0.93	0.74	0.83	0.68	0.81	1.00	0.98	0.95	0.71	0.76	0.98	0.76	0.84
16* NPC Adjusted for By-product		0.84	0.95	0.79	0.87	0.74	0.85	1.00	0.99	0.97	0.76	0.81	0.98	0.81	0.87
<b>MAHARASHTRA</b>															
17. Wholesale price (Ahmednagar) Oct-Dec	Rs/qt	177.06	194.18	189.13	221.78	199.65	235.27	246.81	221.61	260.90	255.00	240.00	393.33	246.25	
18. Marketing costs and margins (@ 6% of wholesale price)	Rs/qt	10.62	11.65	11.35	13.31	11.98	14.12	14.81	13.30	15.65	15.30	14.40	23.60	14.78	
19. Transport costs (Ujjain-Ahmednagar)	Rs/qt	3.95	5.22	6.46	7.81	7.81	8.71	8.71	10.27	10.27	12.09	13.30	14.63	16.09	
20. Reference price (10+18+19)	Rs/qt	200.92	185.95	193.13	218.38	224.74	193.27	171.18	204.01	302.51	318.39	374.36	474.33	430.69	
21. NPC for Maharashtra (17/20)		0.88	1.04	0.98	1.02	0.89	1.22	1.44	1.09	0.86	0.80	0.64	0.83	0.57	0.94
21* NPC Adjusted for By-product		0.91	1.03	0.98	1.01	0.91	1.16	1.30	1.06	0.89	0.84	0.70	0.87	0.64	0.95
<b>GUJARAT</b>															
22. Wholesale price (Surat) Oct-Dec	Rs/qt	166.05	165.78	164.23	174.77	165.66	196.00	237.02	239.85	260.90	255.00	240.00	478.33	633.33	
23. Marketing costs and margins (@ 6% of wholesale price)	Rs/qt	9.96	9.95	9.85	10.49	9.94	11.76	14.22	14.39	15.65	15.30	14.40	28.70	38.00	
24. Transport costs (Ujjain-Surat)	Rs/qt	3.42	4.51	5.57	6.62	6.62	7.37	7.37	8.56	8.56	10.07	11.08	12.18	13.40	
25. Reference price (10+23+24)	Rs/qt	196.60	179.39	184.97	209.57	216.71	182.55	162.23	194.73	292.13	306.18	360.93	464.66	437.67	
26. NPC for Gujarat (22/25)		0.84	0.92	0.89	0.83	0.76	1.07	1.46	1.23	0.89	0.83	0.66	1.03	1.45	0.99
26* NPC Adjusted for By-product		0.88	0.94	0.91	0.87	0.81	1.05	1.31	1.16	0.92	0.87	0.73	1.02	1.30	0.98

Notes: For data sources, see footnote 8 in the main article. World prices for 1992-93 are average of Oct-Dec. Freight for 1991-92 and 1992-93 is assumed to be same as for 1990-91. Wholesale prices are weighted by the market arrival weights. For 1992-93, wholesale prices of Maharashtra are for Nagpur (white) as the price for relevant centre and variety was not available. NPC has been adjusted for by-product by using:  $(Pd+Vd)/(Pr+Vd)$  where Pd is domestic price of output, Pr is reference price and Vd is value of by-product at domestic prices. For shares of by-product, see footnote 14 in the article.

## ANNEXURE III: ESTIMATES OF NPCS OF MAIZE (IMPORTABLE HYPOTHESIS)

Particulars	Unit	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
1. Price (fob, US Gulf) Oct-Sep	US\$/MT	139.30	112.70	126.40	143.20	115.60	96.30	73.10	98.00	113.70	110.80	105.50	107.33	94.33	
2. Freight	US\$/MT	53.86	46.42	29.54	30.00	30.00	30.00	25.33	25.75	43.58	42.00	41.00	41.00	41.00	
3. Shadow Exchange Rate (Oct-Sep)	Rs/US\$	10.03	11.21	11.97	13.11	14.85	14.85	15.55	16.13	18.86	20.65	24.90	30.69	31.17	
4. Price (c & f)=(1+2)*(3)/10	Rs/qt	193.74	178.37	186.66	227.07	216.22	187.56	153.06	199.61	296.63	315.53	364.79	455.24	421.82	
5. Port clearance charges	Rs/qt	8.39	6.99	7.44	10.18	18.44	11.99	15.27	10.16	14.66	10.16	11.18	12.29	13.52	
6. Landed cost at port (4+5)	Rs/qt	202.13	185.36	194.10	237.25	234.66	199.55	168.33	209.77	311.29	325.69	375.96	467.53	435.35	
MADHYA PRADESH															
7. Wholesale price (Chhindwara) Oct-Sep	Rs/qt	126.24	134.50	149.41	128.08	132.64	167.60	167.86	179.05	222.70	178.70	191.45	397.22	250.67	
8. Marketing costs and margins (@ 6% of wholesale price)	Rs/qt	7.57	8.07	8.96	7.68	7.96	10.06	10.07	10.74	13.36	10.72	11.49	23.83	15.04	
9. Transport costs (Bombay-Chhindwara)	Rs/qt	7.61	10.07	13.12	13.80	13.80	17.07	17.07	20.65	20.65	24.30	26.73	29.40	32.34	
10. Reference price (6-8-9)	Rs/qt	186.95	167.22	172.02	215.76	212.90	172.42	141.19	178.38	277.28	290.67	337.74	414.29	387.96	
11. NPC for Madhya Pradesh (7/10)		0.68	0.80	0.87	0.59	0.62	0.97	1.19	1.00	0.80	0.61	0.57	0.96	0.65	0.79
11* NPC Adjusted for By-product		0.73	0.84	0.89	0.65	0.68	0.98	1.14	1.00	0.84	0.67	0.62	0.97	0.70	0.82
GUJARAT															
22. Wholesale price (Dohad) Oct-Sep	Rs/qt	152.70	155.59	177.16	142.79	163.90	209.22	181.10	228.33	209.14	214.20	278.25	406.25	271.11	
23. Marketing costs and margins (@ 6% of wholesale price)	Rs/qt	9.16	9.34	10.63	8.57	9.83	12.55	10.87	13.70	12.55	12.85	16.70	24.38	16.27	
24. Transport costs (Chhindwara-Dohad)	Rs/qt	3.42	4.51	5.57	6.62	6.62	7.37	7.37	8.56	8.56	10.07	11.08	12.18	13.40	
25. Reference price (10+23+24)	Rs/qt	199.53	181.07	188.22	230.95	229.35	192.34	159.42	200.64	298.39	313.59	365.52	450.85	417.63	
26. NPC for Gujarat (22/25)		0.77	0.86	0.94	0.62	0.71	1.09	1.14	1.14	0.70	0.68	0.76	0.90	0.65	0.84
26* NPC Adjusted for By-product		0.83	0.90	0.96	0.71	0.79	1.06	1.09	1.09	0.78	0.77	0.83	0.93	0.74	0.88

Notes: For data sources, see footnote 8 in the main article. World prices for 1992-93 are average of Oct-Dec. Freight for 1991-92 and 1992-93 is assumed to be same as for 1990-91. Wholesale prices are weighted by the market arrival weights. NPC has been adjusted for by-product by using:  $(Pd + Vd)/(Pr + Vd)$  where Pd is domestic price of output, Pr is reference price and Vd is value of by-product at domestic prices. For shares of by-product, see footnote 14 in the article.

ANNEXURE: IV INPUT STRUCTURE OF SORGHUM AND MAIZE

Cost Inputs	Madhya Pradesh (Sorghum)		Andhra Pradesh (Sorghum)		Gujarat (Sorghum)		Maharashtra (Sorghum)		Rajasthan (Maize)		Madhya Pradesh (Maize)	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
<b>OPERATIONAL COST</b>												
Human labour	307.25	24.22	368.01	24.82	408.77	24.77	450.76	27.84	690.01	33.48	356.08	24.19
Bullock labour	234.13	18.46	358.85	24.20	310.05	18.79	328.40	20.28	346.74	16.82	209.52	14.23
Machine labour	12.69	1.00	5.33	0.36	44.17	2.68	24.87	1.54	12.86	0.62	15.22	1.03
Seed	27.35	2.16	27.40	1.85	81.66	4.95	40.84	2.52	55.79	2.71	36.83	2.50
Fertiliser	40.49	3.19	88.85	5.99	100.72	6.10	80.58	4.98	113.77	5.52	123.54	8.39
Manure	52.06	4.10	46.44	3.13	68.93	4.18	81.60	5.04	96.70	4.69	47.30	3.21
Insecticides	3.90	0.31	1.81	0.12	4.33	0.26	1.71	0.11	0.11	0.01	3.22	0.22
Irrigation charges	1.56	0.12	14.57	0.98	79.05	4.79	15.60	0.96	20.95	1.02	13.64	0.93
Interest on Working Capital	15.63	1.23	24.70	1.67	27.93	1.69	24.84	1.53	22.85	1.11	18.29	1.24
<b>FIXED COST</b>												
Rental value of owned land	352.55	27.79	368.02	24.82	337.50	20.45	292.65	18.08	369.11	17.91	392.41	26.65
Rent paid for leased in land	1.11	0.09			38.71	2.35	1.18	0.07	41.26	2.00		0.00
Land revenue, cesses & taxes	5.69	0.45	3.33	0.22	14.49	0.88	9.02	0.56	7.91	0.38	6.06	0.41
Depreciation on implements and farm buildings	86.43	6.81	36.82	2.48	30.33	1.84	84.15	5.20	34.18	1.66	75.67	5.14
Interest on fixed capital	127.57	10.06	138.77	9.36	103.44	6.27	182.76	11.29	248.89	12.08	174.52	11.85
<b>TOTAL COST</b>	1268.41	100.00	1482.90	100.00	1650.08	100.00	1618.96	100.00	2061.13	100.00	1472.30	100.00
<b>COST C2/QT (Rs/Qr)</b>	116.02		180.66		121.88		130.25		123.85		133.65	

Note: Madhya Pradesh (Sorghum) is average of 1983-84 to 1985-86; Andhra Pradesh is only for 1984-85; Gujarat is average of 1981-82 to 1983-84 and Maharashtra for 1982-83 to 1983-84. Rajasthan has been used as a proxy for Gujarat and represents triennium ending 1984-85, and Madhya Pradesh (Maize) is average of 1983-84 and 1985-86.

ANNEXURE V: ESTIMATION OF EFFECTIVE PROTECTION COEFFICIENTS: SORGHUM (IMPORTABLE HYPOTHESIS)

Items	Units	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
<b>MADHYA PRADESH</b>															
Domestic Price (Pd)	Rs/Qr	131.95	128.38	127.57	134.22	137.21	156.71	160.46	150.88	215.54	215.00	204.42	330.91	271.87	
Value of Inputs (Id)	Rs/Qr	8.38	8.15	8.10	8.52	8.71	9.95	10.19	9.58	13.69	13.65	12.98	21.01	17.26	
NPC of product (Np)	..	0.78	0.83	0.81	0.76	0.75	0.97	1.11	0.91	0.85	0.82	0.68	0.83	0.76	
NPC of inputs (Ni)	..	0.89	1.02	1.04	0.96	0.86	0.96	1.19	1.12	0.89	0.92	0.92	0.92	0.92	
EPC of Product (EPC)	..	0.77	0.82	0.80	0.75	0.74	0.97	1.10	0.90	0.85	0.81	0.67	0.82	0.75	0.83
<b>ANDHRA PRADESH</b>															
Domestic Price (Pd)	Rs/Qr	148.08	154.38	128.28	161.37	138.57	138.38	148.33	175.85	260.40	205.85	259.52	419.82	301.11	
Value of Inputs (Id)	Rs/Qr	12.14	12.66	10.52	13.23	11.36	11.35	12.16	14.42	21.35	16.88	21.28	34.43	24.69	
NPC of product (Np)	..	0.84	0.95	0.79	0.87	0.74	0.85	1.00	0.99	0.97	0.76	0.81	0.98	0.81	
NPC of inputs (Ni)	..	0.86	1.04	1.04	0.98	0.85	0.81	1.12	1.05	0.87	0.88	0.88	0.88	0.88	
EPC of Product (EPC)	..	0.84	0.94	0.77	0.86	0.73	0.85	0.99	0.99	0.98	0.75	0.80	0.99	0.80	0.87
<b>MAHARASHTRA</b>															
Domestic Price (Pd)	Rs/Qr	177.06	194.18	189.13	221.78	199.65	235.27	246.81	221.61	260.90	255.00	240.00	393.33	246.25	
Value of Inputs (Id)	Rs/Qr	15.94	17.48	17.02	19.96	17.97	21.17	22.21	19.94	23.48	22.95	21.60	35.40	22.16	
NPC of product (Np)	..	0.91	1.03	0.98	1.01	0.91	1.16	1.30	1.06	0.89	0.84	0.70	0.87	0.64	
NPC of inputs (Ni)	..	0.93	1.08	1.09	1.08	0.92	1.00	1.27	1.10	0.93	0.89	0.89	0.89	0.89	
EPC of Product (EPC)	..	0.91	1.03	0.97	1.00	0.91	1.18	1.30	1.06	0.89	0.84	0.69	0.87	0.62	0.94
<b>GUJARAT</b>															
Domestic Price (Pd)	Rs/Qr	166.05	165.78	164.23	174.77	165.66	196.00	237.02	239.85	260.90	255.00	240.00	478.33	633.33	
Value of Inputs (Id)	Rs/Qr	22.75	22.71	22.50	23.94	22.70	26.85	32.47	32.86	35.74	34.94	32.88	65.53	86.77	
NPC of product (Np)	..	0.88	0.94	0.91	0.87	0.81	1.05	1.31	1.16	0.92	0.87	0.73	1.02	1.30	
NPC of inputs (Ni)	..	0.92	1.06	1.07	1.01	0.91	0.97	1.27	1.23	0.91	0.94	0.94	0.94	0.94	
EPC of Product (EPC)	..	0.87	0.92	0.89	0.85	0.80	1.06	1.32	1.15	0.92	0.86	0.70	1.03	1.38	0.98

Note: EPC = (Pd-Id)/(Pd/Np) - (Id/Ni)

ANNEXURE VI: ESTIMATION OF EFFECTIVE PROTECTION COEFFICIENTS: MAIZE (IMPORTABLE HYPOTHESIS)

Items	Units	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Average
<b>MADHYA PRADESH</b>															
Domestic Price (Pd)	Rs/Qt	126.24	134.50	149.41	128.08	132.64	167.60	167.86	179.05	222.70	178.70	191.45	397.22	250.67	
Value of Inputs (Id)	Rs/Qt	15.06	16.05	17.82	15.28	15.82	19.99	20.03	21.36	26.57	21.32	22.84	47.39	29.90	
NPC of product (Np)	..	0.73	0.84	0.89	0.65	0.68	0.98	1.14	1.00	0.84	0.67	0.62	0.97	0.70	
NPC of inputs (Ni)	..	0.87	0.98	1.07	0.93	0.80	0.85	1.14	1.07	0.84	0.87	0.87	0.87	0.87	
EPC of Product (EPC)	..	0.71	0.82	0.87	0.62	0.67	1.00	1.14	0.99	0.84	0.65	0.60	0.99	0.68	0.81
<b>GUJARAT</b>															
Domestic Price (Pd)	Rs/Qt	152.70	155.59	177.16	142.79	163.90	209.22	181.10	228.33	209.14	214.20	278.25	406.25	271.11	
Value of Inputs (Id)	Rs/Qt	13.51	13.77	15.68	12.64	14.51	18.52	16.03	20.21	18.51	18.96	24.63	35.95	23.99	
NPC of product (Np)	..	0.83	0.90	0.96	0.71	0.79	1.06	1.09	1.09	0.78	0.77	0.83	0.93	0.74	
NPC of inputs (Ni)	..	0.86	0.98	1.08	0.92	0.78	0.91	1.14	1.11	0.80	0.80	0.80	0.80	0.80	
EPC of Product (EPC)	..	0.83	0.89	0.95	0.69	0.79	1.08	1.09	1.09	0.78	0.77	0.83	0.94	0.73	0.88

Note: As in Annexure V

ANNEXURE VII: ESTIMATION OF VALUE WEIGHTS OF SORGHUM (IMPORTABLE HYPOTHESIS)

Unit	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
<b>MADHYA PRADESH</b>												
Production	Th is	1814.50	1858.90	1400.80	1983.00	1520.20	1773.30	1301.40	1766.70	1635.30	1783.60	1090.00
Reference Price	Rs/tonne	182.69	164.23	168.66	191.27	198.96	162.08	139.30	170.07	266.20	278.79	421.33
Value	Rs mn	331.49	305.29	236.26	379.29	302.46	287.42	181.29	300.46	435.32	497.25	459.25
Value weight		0.22	0.20	0.16	0.22	0.17	0.22	0.20	0.17	0.22	0.17	0.19
<b>ANDHRA PRADESH</b>												
Production	Th is	1082.30	1334.00	1520.00	1125.10	1215.90	1161.60	994.10	1032.20	612.80	784.70	670.00
Reference Price	Rs/tonne	184.25	166.02	174.35	194.30	203.54	171.11	147.96	178.61	272.91	290.40	429.38
Value	Rs mn	199.41	221.47	265.01	218.61	247.48	198.76	147.09	184.36	167.24	227.88	287.68
Value weight		0.13	0.14	0.18	0.13	0.14	0.15	0.16	0.11	0.08	0.08	0.12
<b>MAHARASHTRA</b>												
Production	Th is	4427.50	4891.10	4652.50	4678.40	4802.40	3922.70	3092.40	5951.90	4277.90	6635.10	3390.00
Reference Price	Rs/tonne	200.92	185.95	193.13	218.38	224.74	193.27	171.18	204.01	302.51	318.39	474.33
Value	Rs mn	889.57	909.50	898.54	1021.67	1079.29	758.14	529.36	1214.25	1294.11	2112.55	1607.98
Value weight		0.58	0.59	0.60	0.59	0.62	0.58	0.59	0.70	0.64	0.71	0.66
<b>GUJARAT</b>												
Production	Th is	583.00	564.30	487.90	582.00	499.70	354.90	245.10	125.20	425.10	433.30	200.00
Reference Price	Rs/tonne	196.60	179.39	184.97	209.57	216.71	182.55	162.23	194.73	292.13	306.18	464.66
Value	Rs mn	114.62	101.23	90.25	121.97	108.29	64.79	39.76	24.38	124.18	132.67	92.93
Value weight		0.07	0.07	0.06	0.07	0.06	0.05	0.04	0.01	0.06	0.04	0.04
TOTAL value of four states	Rs mn	1535.10	1537.45	1490.06	1741.53	1737.52	1309.11	897.49	1723.45	2020.85	2970.34	2447.85
Aggregate value weight		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Note: Value weights of 1991-92 have been used for 1992-93 as well.



## ANNEXURE VIII: ESTIMATION OF VALUE WEIGHTS OF MAIZE (IMPORTABLE HYPOTHESIS)

Unit	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
<b>MADHYA PRADESH</b>												
Production	713.00	770.00	804.00	1156.00	1161.00	709.00	761.00	863.00	1194.00	1431.00	1240.00	860.00
Reference Price	Rs/tonne	186.95	167.22	215.76	212.90	172.42	141.19	178.38	277.28	290.67	337.74	414.29
Value	Rs mn	133.30	128.76	249.42	247.18	122.25	107.45	153.94	257.21	316.47	316.47	316.47
Value weight		0.62	0.64	0.71	0.69	0.74	0.85	0.61	0.89	0.72	0.72	0.72
<b>GUJARAT</b>												
Production	403.00	396.00	306.00	476.00	384.00	114.00	435.00	93.00	456.00	480.00	530.00	350.00
Reference Price	Rs/tonne	199.53	181.07	230.95	229.35	192.34	159.42	200.64	298.39	313.59	365.52	450.85
Value	Rs mn	80.41	71.70	109.93	88.07	21.93	69.35	18.66	111.16	120.61	120.61	120.61
Value weight		0.38	0.36	0.29	0.31	0.26	0.15	0.39	0.11	0.28	0.28	0.28
<b>TOTAL value of two states</b>												
Aggregate value weight		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Note: As in Annexure VII.

## THE PATTERN OF INDUSTRIAL GROWTH IN INTERWAR INDIA

Tirthankar Roy

*The interwar period in India witnessed diversification of factory-based industry from mainly textile- and export-oriented activities into a wide range of consumer and intermediate goods for the home market. The two most well-known interpretations of this process are: tariff-aided import-substitution, and relocation of surplus out of land. The paper reviews trends in factory-employment to suggest that a part of this enterprise occurred in clusters consisting of small units, using local resources, and located at points of internal trade. This tendency was consistent with commercialization of agriculture, and development of capitalism within the major crafts.*

There were two rather distinct phases in the growth of factory-based industry in India before Independence. Until the first world war, Indian industrialization is a story largely of a few towns, a few industries (notably textiles), and an entrepreneurship with strong visible roots in export trade. But industrialization in the interwar period is a contrast on all these points: major diversifications, spatial diffusion, reorientation from exports to domestic markets, and a diversified entrepreneurship demarcated the twenty years between 1919 and 1939 as some sort of a structural break. Precisely what did this transformation consist of? What were the new forms of industry and enterprise? What do these diversifications reflect of the macroeconomy?

The major texts on Indian industrialization, constituting a well-developed literature, leave one with the feeling that while the questions have been recognized, no complete answer is yet available to these. At any rate, it would seem that the literature leaves scope for further attempts at conceptualizing this diversification, which this note proposes to do. The basic concepts and explanations of industrial growth in the interwar period are:

(1) The new industries included steel, cement and engineering, which together lead one to examine policies governing public works, utilities, and stores purchase. In defence and public works there was indeed conscious attempt at import-substitution following the war, but none would argue that government expenditure was large and diverse enough to generate a more than localized impetus.

(2) The new enterprises included cotton textiles in locations away from Bombay which seem to

point to the role of protective tariffs and Bombay's volatile labour situation. Labour by itself would not explain dispersal on the scale it happened. Protection became more effective, and expanded in scope, in the 1930s. To date, the most comprehensive industry-wise assessment of interwar tariff policy remains Adarkar [1941]. That protection was the most important influence on industrial growth in this period is a theme in Bagchi [1972], and endorsed by Ray [1979]. 'The changed industrial and fiscal policies' are also mentioned by Gadgil [1971] as an explanation, but in passing.

(3) A point that appears in many of Morris' writings, that the major constraint on investment arose from limited information heightening risks in an already unstable environment, is capable of extension [e.g. Morris 1982]. The most important intrinsic source of instability was bad harvest, affecting not only current but expected incomes, and hence investments. It is striking that in a country still carrying memories of devastating famines, the 1920s and the 1930s were a period of relatively stable, if stagnant, harvests. This must, however, be seen together with the fact that the interwar period also witnessed an extremely unstable world trade. India, with her systems of macroeconomic management, primitive even by contemporary world standards, was integrated closely with this unstable market. But what difference either harvests or trade shocks made to investment decisions, and what sorts of decisions they affected, is yet to be studied.

(4) Several notable cases, the phenomenal growth of sugar mills for example, suggests that classes allied with land and having investible surplus, moved into industry. There are several

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The author wishes to thank the journal's referee for useful comments on an earlier draft.

possible inducements. That general commercialization of agriculture can have this effect in the long run is well-recognized in the literature. That is, accumulation of capital in land must ultimately seek its way out of land into industry, as rates of return on land tend to fall relative to other sectors. In the short run, a change in the relative returns between agriculture and industry can also indicate agrarian crisis. That agriculture was a riskier trade, and land a riskier investment, in the interwar period compared to the heyday of peasant exports in the late nineteenth century, is evident. Besides, George Blyn's well-known thesis (disputed by others) that yields were either stagnant or falling in the early twentieth century would suggest that not just trade, direct cultivation too could not be a preferred form of expansion for those who could exercise a choice. Guha [1992] contains a recent survey of the debate on measurement and interpretation of agricultural productivity. Having made these conjectures about agriculture, one must qualify that direct average returns from land and industry are after all concepts too aggregated to be testable.

(5) In a more nuanced, and testable variation of the relative-returns view, the accent falls on finance capital. Like elsewhere in the world, the depression of the 1930s brought in a crisis of inadequate liquidity, as real debt volumes increased and incomes fell. With the crash of agricultural prices, land lost its worth as collateral, forcing liquidation of gold and silver assets, and relocation of capital from rural to urban banking, and eventually to industry. One example of this hypothesis is Baker [1978] on Madras, but it seems to have more general applicability, as trends in banking statistics reflect.

Which of these hypotheses are primary, and which of secondary importance? Principal contributions in industrial history do not explicitly disagree on the relative importance of these factors, but implicitly, the accent shifts between policy and structural features. Two contrasting positions are Bagchi [1972] and Tomlinson [1993]. Bagchi takes the view that it was imperial policy of free trade that constrained industrial growth, so that the interwar expansion must be

attributable to 'the umbrella of tariff protection'. Tomlinson, after discussing tariffs and purchase policies, discounts their overall impact on empirical grounds, and sides with the 'release of resources from the rural economy' argument. The contrast does not necessarily represent a live debate, but also the generation of new facts from regional and industry case-studies that have revealed important structural processes previously neglected. Thus, the shifting emphases from colonial state to the macroeconomy may well represent an evolution in the discipline. Neither hypothesis, however, explicitly addresses the nature of diversifications; rather, it is implied in the course of explaining industrial growth.

We wish to enter this subject by observing that the data-base underlying the debate remains as yet partially explored. Published sources on early twentieth century factories consist of the following: (a) reports on specific industries (the most significant example from the official literature being the Tariff Board reports and evidences), (b) company finance statistics, and (c) employment in registered factories, obtained from the Inspectorate of Factories' data, compiled and published in *Large Industrial Establishments in India*. The first is a general and descriptive source, by far the most widely used. The second of these provides a time-series, but is good for answering specific problems about corporate financing and management practices. The third is again a continuous time-series, containing data similar to, and comparable with, those in the *Annual Survey of Industries* or the *Indian Labour Year-book*, and is perhaps the best available on aggregate trends in diversification. Strangely enough, this data-base has remained virtually unused. Following a practice pioneered in Gadgil [1971], industrial history has tended to develop as case-studies, bringing in aggregate tendencies somewhat indirectly.

What is the extent of the loss? There seem to be three sets of information that need to be considered, and are contained in the employment statistics, but have not yet been incorporated. First, diversification involved a distinct and significant change in *scale*. Indeed, the notion that the

'small-scale sector' was quite dynamic in this period has received occasional reference in several texts, but rarely been followed up, or linked with an explanation of growth and compositional changes. Second, diversification involved regional industry clusters that seem to escape notice if one approaches aggregate trends, as is customary, from the more visibly industrializing regions, and the activities they involved. To identify these new and relatively small clusters, one requires to identify the *units* themselves, and the employment statistics, being a listing of units, does this. Third, being an annual series, a better picture of *chronology* results from these statistics. A closer examination of the data reveals, for example, that the large and the small scale enterprises had somewhat different dynamics. Thus, at the lower end of the scale, many industries intensive in such units experienced a boom during the war, a sort of a crash after the war, steady growth between 1920-21 to 1933-34, and as the Factories Act was implemented more stringently in 1934, a certain disappearance thereafter. This development, without being a decisive disputation of tariff-based or depression-based explanations, would point to other factors at work, at least as far as small-scale industries were concerned.

As against these advantages, there are limitations as well. The factory employment data after all cover employment, hence can capture only diversifications in employment, and can underestimate the growth of capital-intensive industries. Qualifying this, we may add that barring a few industries, differences in capital-intensity could not have been as wide as to make this data unusable. After all, availability of cheap labour and a narrow capital market were still binding constraints on technology choice across scale. Besides, underestimation of growth was obviously large at the lower end as well, that is, numerous small, almost wholly manual, workshops and hired-labour using units that could qualify for 'factory', were either excluded, or included intermittently depending on how strictly the Factories Act was implemented. The extent

of this exclusion increased after the mid-thirties when the Act was implemented more thoroughly.

Given that it cannot *a priori* be argued that the data-base favoured the small scale, what does it tell us? A quick review follows on the major features of these statistics to generate a macro picture. The unit-specific employment data are explored at three levels, industrial composition, size-structure and regional growth differences. Changes in each and possible connections between them are brought out in the next section, followed in the concluding section by more general interpretations.

#### *Reviewing the Data*

Registered factories in British India and the states employed approximately half a million people in 1900, about a million in 1914, 1.28 million in 1919, and over two million in 1939. As the base expanded, average employment growth rate declined, but it remained significantly positive. The foundation for a sustained industrialization was, however, laid in the interwar period, not only in expanded employment, but in rapid and profound changes in composition. In analysing the latter, we first look at the resource-based and end-based classifications, followed in Table 2 by a recategorization that introduces average scale and degree of protection received explicitly. The top portion of Table 1 shows that (a) expansion occurred in such consumer goods as were less capital-intensive than before, and (b) relative stagnation characterized the capital and intermediate goods sector. The latter could be a reflection of the slackening government demand and infrastructural investments in the post-depression period, though it must be mentioned that real machinery imports, the standard index of industrial investments, was quite stable at the same time. The lower portion clarifies the first observation. It shows that the new industries were intensive in natural resources. Many were purely processing industries, such as food products, edible oil, wood, stone and glass, gins and presses, etc.

TABLE 1. EMPLOYMENT-SHARES OF INDUSTRY-GROUPS IN 1919 AND 1937

	1919	1937	Composition
Capital and intermediate	60	45	engg., chem., gins and presses, jute
Consumer goods	40	55	all others
Total	100	100	
Textiles	49	41	jute and cotton
Other resource-based	29	41	wood, paper, mineral, leather, gins and presses, food-processing
Others	22	18	engg., chem.
Total	100	100	

TABLE 2. EMPLOYMENT-SHARES OF INDUSTRY-GROUPS, BY SCALE AND GROWTH, 1919 AND 1937

	1919	1937
(A) Growing sectors:		
Large I: 3 protected industries	28	36
Medium and small I	10	18
(B) Stagnating Sectors:		
Large II: Govt. workshops, utilities	12	7
Large III: jute	22	16
(C) Constant Share:		
Medium and small II	20	19
Total incl. others	100	100

Note: The average unit size of a 'large-scale' industry is 500 persons or above. A 'growing sector' is defined as a group of similar activities, each one of which experienced a rise in percentage share. The tariff-protected industries are cotton mills, sugar mills and iron and steel. 'Medium and small I' consist of processing industries (wood, minerals, food products) and textiles other than mills. 'Medium and small II' consist of small engineering and repairs, metal working, leather, gins and presses.

The growing sectors consisted of the three large-scale protected industries and a group of medium and small scale industries which included most natural resources processing industries and textiles other than cotton and jute mills. The share of government workshops, railways, shipyards, etc., and jute textiles declined. The public sector taken as a whole was the largest employer in the non-agricultural sector in the early part of the century. It ceased to be so in the interwar period.

How were the two growing sectors related? Both being by and large consumer goods, technological linkages would be weak. The gap in average size and, as we shall see, the different regional distribution of the two sectors make it unlikely that both can be traced to the same sources of investment. As regards market, only the tariff-protected industries represented import-substitution. It is, therefore, reasonable to

treat the two as separate structures in terms of sources of growth.

The growth of smaller units was relatively more significant, and suggests the possibility of a correlation between size and growth. This is examined more closely in Table 3, which also uses a more detailed size-class, necessitated by the existence of a continuum rather than sharply distinguishable average sizes.

In a number of units, expansion was restricted to the smallest size-class (Table 3). Employment-growth was less localized, but in relative terms, expansion in the smaller-sized factories remains significant. Changes in size and in composition were connected. While the tariff-protected industries formed a sizeable segment within the 501-2,000 class (about 50 per cent of the cotton and sugar mills belonged to this class), for the other growing sectors average employment tended to be close to the lowest

size-class. If Table 3 shows that growth was occurring at two poles, it is possible to associate each of these with a more or less distinct group of industries.

TABLE 3. EMPLOYMENT AND UNITS BY SIZE

(percentages)

Employment/unit	All industries				Textiles (ex.jute)			
	Units		Employment		Units		Employment	
	1919	1937	1919	1937	1919	1937	1919	1937
0-50	27	45	2	6	6	27	0	1
51-150	45	35	13	16	13	14	1	2
151-500	16	12	15	17	16.5	13	5	6
501-2000	9	6	28	32	52	32	63	53
2000+	3	2	42	29	13	14	31	38.5
Total	100	100	100	100	100	100	100	100

The apparent increase in the two lower size-classes, however, almost certainly underestimates the actual extent by a substantial margin. In textiles (excluding hosiery and wool), of the total estimated employment in handloom and powerloom *karkhanas* at the close of the thirties, not more than 5 per cent was concentrated in registered units. At the same time, in Bombay and Hyderabad, handloom *karkhanas* employed more than half the number of handloom weavers and probably one-third of all textile workers. In several regions, and especially in the larger textile towns, this represented a transition of weaving from the household to the factory, explored more fully in Roy [1993]. Powerloom shops 'worked by weavers who formerly plied the handloom' were growing 'with amazing rapidity'. The small, household-based powerloom enterprises, thus, were still a recent, but a rapidly growing class, and in most textile towns, an outgrowth of the handloom workshop. There is reason to believe that similar processes were at work in leather, in wood and metal work, in ceramics and stone-working, and in architectural crafts. These units begin to appear in the factory statistics, but sporadically, and possibly subject to equal extent of underestimation. A provincial survey of unregistered factories was carried out during the Royal Commission on Labour, 1931, which showed that, in Madras, 776 tanneries employed close to 10,000 workers, more than double the 4,000 employed in larger tanneries. The total represents about 25 per cent of all leather workers

(1931 Census) in the province. Further, the factory employment statistics also reveals an ambivalence of the Inspector of Factories towards small and purely manual- power-using units. In Bombay, the bigger weaving units were brought under the Act and removed again. Industries other than weaving which, in 1919, were carried out entirely in workshops employing about 100 persons each, were included in that year but subsequently excluded presumably for being classified as non-mechanized. The brass and bell-metal manufactories of Bengal, the shellac manufacturing units, silk-filatures, brick and lime kilns, saltpetre refinery, mica-splitting workshops - all important activities in the eastern region - were thus removed.

There was, finally, a locational aspect to the diversification of the industries. Much of the new enterprise occurred in provinces with already high share of factories in employment. But collectively, regions in which factories were of more recent origin, experienced significant growth (Tables 4 and 5). Insofar as there were locational shifts, the conditions for it to happen are well-known: (a) problems peculiar to the older complexes: in Bombay, a certain decline in Parsee business, labour unrest in textiles, crisis in the system of managing agencies; and in the east, a more hesitant European capital with jute and coal mining in bad shape, and political climate changing, and (b) the appearance of cotton mills in the north and the south, away from Bombay. However, that does not fully explain the change. Relatively speaking, large-scale industries as a

whole remained concentrated. If there was a dispersal, it resulted from the growth of medium and small industries that had always been widely

spread out. These were the 'growing sectors' that appeared in Tables 2 (industry), 3 (size), and now again in Tables 4 and 5 (location).

TABLE 4. FACTORY EMPLOYMENT BY PROVINCES AND STATES, 1919 TO 1937

	1919	1937	Growth (per cent)	Base-weighted growth (per cent)
Bengal, Bihar, Orissa	499	704	41	24
Bombay	318	481	51	19
Madras	98	211	115	13
Central Provinces	51	68	33	2
Punjab	42	101	140	7
United Provinces	67	181	170	13
Hyderabad	24	50	109	3
Mysore	10	46	360	4
Total including others	1,279	2,142	66	100

Note: 'Base-weighted growth' is the province's share in total increment.

The other qualification on Table 4 would be, provinces and states are far too large as units to capture actual locational shifts. Relative growth in these industries, less localized, resulted, at the end of the 1930s, in the emergence of distinct industrial clusters within provinces. Apart from smaller extent or low average scale, these clusters were distinguished from the industrial cities by their narrower base, almost invariably dependent on agro-processing, textiles, forest produce (e.g., mushrooming of saw mills in regions which had both forests and the urban consumers within easy access), brick and tiles, etc. Certain activities, such as chemicals, metal foundries, and machinery always remained confined to the big city, though tending to move out to the suburbs. General purpose engineering workshops, on the other hand, were dispersed. A more coherent

picture of Indian industrialization will require explanations of how these clusters grew. To give an idea of precisely what such a project would imply, looking at Table 6 presents a rough outline of some of these clusters. In doing so, it explicitly omits the better-known industrial cities, and checks the stability of these clusters by reference to factory enumeration over roughly a decade (1939-50). It also uses an entirely flexible definition of a cluster, as any district with perhaps 15-25 factories or more in the same activity. By 1950, most of these concentrations included several scores, often with dubious or no employment figures, and some of them, like gins in Khandesh, grain milling in coastal Andhra, handlooms in Sholapur or tanneries in North Arcot, included hundreds of factories located in and around a few major trading towns.

TABLE 5. FACTORY EMPLOYMENT BY SELECTED REGION AND INDUSTRY, 1919 AND 1937

		Bengal	Bombay		Madras	United Provinces	Punjab	Hyderabad	Mysore
			Island, Ahmedabad	Rest					
Cotton mills	A	12.1	173.5	36.3	25.3	16.0	1.1	3.8	2.5
	B	27.5	259.1	43.7	64.2	41.3	4.6	3.6	13.7
Sugar mills	A	.9	..	..	3.6	3.3	.1	..	..
	B	3.2	..	2.4	3.5	44.6	1.5	..	1.0
Selected medium & small industries	A	32.9	16.5	..	18.1	8.2	5.5	1.8	1.4
	B	77.7	43.5	..	48.0	13.5	13.3	9.3	7.1

Note: The last group consists of food products (ex. sugar), textiles other than in mills, small-scale engineering and chemicals. A and B refer to initial and terminal years, respectively.



TABLE 6. REGIONAL CLUSTERS OF FACTORIES OF RECENT ORIGIN

Industry	Districts of major concentration
Gins and presses	Towns all over Khandesh and Bombay-Deccan <sup>1</sup> , Berar, Broach-Baroda, Bellary, Coimbatore
Rice and oil mills	Krishna-Guntur-East Godavari, Coimbatore, Madurai, Tanjore
Bidi	Singhbhum, North Arcot, Malabar, Nasik- Ahmednagar, Guntur
Handloom <sup>2</sup>	Sholapur, Malabar
Silk mills	Surat, Bangalore
Saw mills	Nagpur, Jabalpur, Malabar
Tannery	North Arcot
Shellac	Manbhum (Purulia)
Tiles, kiln	Malabar-Quilon-South Kanara, Bamala-Bhatinda- Patiala
Glass	Agra
Cashew and coir	Quilon
Brass and aluminium	East Godavari
Engineering workshops	Krishna, Ludhiana-Jullundur, Kanpur-Lucknow- Meerut

Notes: 1. Includes the main cotton growing districts of the southern part of the Bombay Presidency, notably, Bijapur, Dharwar, Belgaum, Sholapur, and Ahmednagar.

2. Handloom factories were widespread in the urban weaving complexes all over the country, but in Malabar and Sholapur, they represented the principal organization in weaving.

### Concluding Remarks

The picture emerging from this brief survey does not dramatically upset conventional wisdom about the nature and sources of industrialization in interwar India, but perhaps complements it in several ways:

(a) protection was indeed a source of change, but its impact was region- and size- specific;

(b) size, location and compositional data suggest a relocation of rural capital, or more precisely, of trading profits from land to land-based industry. This was an ongoing process, and an inevitable outcome of commercialization of agriculture, but perhaps speeded up in the interwar period. Standard sources of industrial history, especially official reports, whether published or archival, are not very good at capturing this transition. A much better medium is contemporary press, particularly business reporting, which covers a broader and more diverse entrepreneurship than historians of industry have projected - essentially noncorporate enterprise based in towns that were growing as points of internal trade, redefining the links between themselves, the countryside, and the industrial cities;

(c) in several provinces, but usually with a stronger urban bias, expanding industries included services such as engineering workshops

and foundries and other metal working, perhaps a development associated with diversification in general, but also contributing to it by creating bases for machinery manufacture; and

(d) finally, the new enterprises represented a development of capitalism within the traditional crafts such as handlooms, leather, metals or glassware. These, and many other examples suggest the general hypothesis that an expanded trade and transportation, and hence integrated markets, towards the end of the colonial period transformed a wide range of hitherto rural and household enterprises into urban and capitalist ones. The growth of employment in registered factories captures this transition, but only a small part of it.

All but the first of these four factors account for compositional change in factory enterprise; all of these account for a spatial dispersal; and all but the first account for a growth of small-scale enterprise.

How is one to assess the significance of these changes? First of all, the 'colonial' character of the industrial structure, a consumer goods/natural resources orientation of the manufacturing sector, did not change dramatically as a result. And quantitatively these changes, like much else in the colonial period, were insignificant in themselves. However, industrialization in interwar India also reveals features that were specifically Indian.

And, they represented strong continuities between the pre- and the post-Independence periods, hence preparatory to more fundamental transitions to follow. Two of the most significant are: the combination of crafts and factories, or old industries trying out new forms of organization; and the growth of local engineering skills, prelude to a transition into machinery, machine tools, components and durables manufacture characterized by small-scale units and flexible specialization. Finally, a historiographic point. The material reviewed seems to suggest that attempts to equate economic history too closely with conceptions of colonialism as a form of State or a World System could lead to a subtle form of disregard for the complexity of the industrialization under way. Presumably this was why forms of manufacturing predating colonialism have been inadequately studied, and why the employment statistics, for what it is worth, was not analysed for a long time.

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## GOLD EXPORTS FROM INDIA 1931-1939

### A Unique Episode in Indian Monetary History and the Controversy Around it

N.V. Sovani

*During September 1931-September 1939, India exported gold in sizeable quantities for the first time in recorded history, a unique phenomenon, which has not recurred since. When England went off gold standard in September 1931, the sterling price of gold jumped suddenly and gold began to be exported from India to take advantage of this price rise. This was an unexpected development and when it continued over the next eight years, it evoked various reactions. The reactions of three Indian economists- Professors B.P. Adarkar, B.R. Shenoy and D.R. Gadgil- were conflicting. This controversy is expounded and briefly analysed here.*

During the period September 1931-September 1939, India exported gold in sizeable quantities for the first time in recorded history. This was an unprecedented event and has not recurred since. Traditionally India and other eastern countries have been known, from Roman times, to be a bottomless sink of precious metals. This characteristic has persisted not only through British rule but beyond to this day. After independence India, in spite of severe restrictions on imports of gold, has persisted in importing every year at least, a minimum of 50 tons of gold, legally and/or illegally. The appeals to patriotism at the time of the war with China failed to yield to the government a loan of private gold holdings in any significant quantities. But very recently concessions to NRIs for importing gold have been avidly availed of. The Indian public continues to be extremely sensitive to gold and even a temporary shifting of Reserve Bank gold to London to meet a crisis recently, was looked at with great alarm and whether that gold had since been brought back to the country evokes agitated concern in Parliament and the public. In the light of this, even after half a century, the eight-year wonder of gold exports from India still arouses curiosity and invites a critical study.

The circumstances are also favourable for such a study. The emotional and political overtones of the controversy that then surrounded it have now largely disappeared. More information for the period is also now available. With the passage of time we have also now a better perspective of the phenomenon. We can now objectively evaluate the controversy that arose around the phenomenon among economists, politicians, administrators and the general public, though my focus will mainly be on the controversy it evoked among the

Indian economists. A revisit to this controversy is extremely interesting and stimulating.

I will begin with a brief look at the economic antecedents of the phenomenon and then describe, as objectively as possible, the developments during the eight year period. I will then set out the controversy that arose among Indian economists and try to evaluate it. And then finally state what strikes us about it today after half a century.

#### *The Antecedents*

For properly appreciating the significance of gold exports from India in the 'thirties of this century, we have to go back quite a bit in Indian currency history because that can alone' bring out the crucial role that India's balance of payments played in the setup of the old international balance of payments. India had been absorbing gold and silver through her international trade as evidenced by the export-import statistics that became available from 1835. Around 1850s India used to absorb every year more silver than the world produced annually at that time. It also absorbed gold in considerable quantities every year and in a good year before 1914, India used to absorb 25 to 30 per cent of the annual world production of gold.

And this played a crucial role in the maintenance of the international gold standard as it came to be evolved in the latter part of the 19th century. As de Cecco has put it, 'India had assumed in the twenty five years (1890-1914) the role of a protagonist of the international settlement system; her trade surplus with the rest of the world and her trade deficit with England allowed the latter to square her international settlements on

current account. This enabled her to use the income from her overseas investments for further investment abroad, and to give back to the international monetary system the liquidity she had absorbed as investment income' [de Cecco, 1974, p 62]. It was a basic element in the balancing of Britain's international accounts. By preventing India from converting her whole annual trade surpluses into gold reserves by making her invest a part of them in sterling securities, and in effect lending them to Britain, the India Office contributed in no small way towards keeping 'British interest rates lower than would otherwise have been the case' [de Cecco, 1974, p. 71]. 'In the closing decades of the 19th century, the management of Indian financial policy passed into the firm grip of the India Office who transformed it into a docile instrument of British monetary policy' [de Cecco, 1974, p 70]. This was of course the classical colonial policy wherein a colony was run in the interests of the mother country and the interests of the colony were totally ignored.

The policy was scored deeper after World War I because England's economic position declined considerably after the war. To use the colonies ruthlessly for regaining the prosperity of the mother country was an old tradition and in the interwar period this was quite clearly evident in the experience of India.

During World War I the gold exchange standard in India completely broke down and the rupee, for all practical purposes, became a silver standard currency. The prices of silver rose during the war and the rupee instead of being a note printed on silver, became a fullbodied coin. As the silver content of the rupee coin became more valuable than the legal tender value, the rupee coins were melted on a large scale. There was confusion and the exchange rate rose to 2s.4d a rupee with the further rise of silver prices. There followed a muddle of monetary and exchange policy and at one time the exchange rate of the rupee was fixed at 2s. gold to the dissatisfaction of all concerned.<sup>1</sup> This failed miserably and the rupee could not be held at that exchange ratio. Efforts to stabilize the rupee at one level continued though the aim appeared to be to stabilize it at an overvalued level, so that it may serve as a bounty for British

exports, lessen the budgetary burden of the sterling payments to be annually made by the Government of India and of course to benefit the British civil servants in India. The new ratio aimed at was 1s.6d. as against 1s.4d. before 1914. As Deshmukh noted later: 'Even before Sir Basil Blackett, the new Finance Member, arrived in India, he had already made up his mind to establish 1s.6d. ratio. On his assumption of office, Blackett took steps calculated to ensure that the ratio was fixed, although in the light of later events, his proposition that a 1s.4d exchange rate might involve a rise in prices, was a grotesque miscalculation and was completely falsified in 1925' [Deshmukh, 1948, p. 5].

The overvaluation of the exchange rate was further enhanced when England went back to the gold standard of the pre-1914 parity in 1925 and India had to follow suit. To sustain the exchange rate a policy of deflation was ruthlessly followed from 1921 to 1931 in order to raise the internal purchasing power of the rupee to the level of the overvalued exchange rate. As a consequence there was a continuous fall in prices in India, the Calcutta index number of wholesale price declining from 195 in 1920-21 to 147 in 1927-28 and to 145 in 1928-29 and 137 in 1929-30, (Table 1). In spite of this, during 1920-21 and 1930-31 India had net imports of gold amounting to Rs 429 crore.

TABLE 1. INDEX OF WHOLESALE PRICES IN INDIA  
(CALCUTTA - JULY 1914 = 100)

Year	Index
1919-20	202
1920-21	195
1921-22	180
1922-23	176
1923-24	171
1924-25	171
1925-26	157
1926-27	146
1927-28	147
1928-29	145
1929-30	137
1930-31	120
1931-32	96
1932-33	89
1933-34	87
1934-35	90
1935-36	90

Source: *Review of the Trade of India, 1936-37.*

TABLE 2. TERMS OF TRADE  
(1928-29 = 100)

Year	Index
1929-30	96.1
1930-31	89.4
1931-32	82.6
1932-33	84.8
1933-34	84.3
1934-35	85.9
1935-36	91.6
1936-37	91.0

Source: *Review of the Trade of India, 1936-37.*

The world depression in 1929 hit India hard and the prices crashed. Agricultural prices declined faster than the prices of manufactured goods. The export prices declined by 46.5 per cent but import prices by only 36.5 per cent and the terms of trade turned against India. Even so, the merchandise balance of India remained positive throughout. But long term capital flows declined and India had to depend upon short term capital inflows to meet the adverse balance of payments. These short term credits became a source of major weakness in India's balance of payments as they were 'hot money', a volatile force liable to move suddenly. This was not peculiar to India but was common to the whole world market at that time. As a result, the net outflow of such credits increased from Rs 3.3 crore in 1929-30 to Rs 18.1 crore in 1930-31 and Rs 39.3 crore in 1931-32. India asked for a standby credit in London but was refused. On top of it, the Bank of England through the India Office pressed for contraction of currency or deflation. In a letter, the Governor of the Bank of England wanted the India Office to create in India 'money famine to frighten bears of exchange'. By November 1930 the Imperial Bank of India was finding White Hall's demand for contraction unsustainable [India Office Records, 1931].<sup>2</sup> During the first quarter of 1931, India's position in international transactions was getting acute. There was a flight from the rupee and it was compelling India to draw down sterling reserves and borrow heavily in London. From April 1929 to September 1931 the Government of India could not purchase any sterling in the Indian market. The part of the Gold Standard Reserve kept in London declined to £12.8 million. White Hall urged India to ship gold to London to replenish the reserves. In September 1931, Indian

authorities planned to ship sovereigns to London but in order to stem domestic criticism proposed their simultaneous sale in India. India Office opposed the latter because that would increase domestic gold consumption in India.

Britain was also in great difficulty in trying to maintain the gold standard and finally on 21 September 1931, had to give up the effort by deciding to abandon the gold standard.

### *Off Gold and Gold Exports: 1931 - 1939*

On September 21, 1931 Britain abandoned the gold standard and India followed suit. By an order of the Government of India all banks were closed from 22nd to 25th September 1931. On September 24, 1931 Ordinance VII restricted the sale of sterling, providing that sterling would be made available for the following purposes only: 1) normal trade requirements but not for the import of gold or silver coin or bullion, 2) for contracts completed before September 21, 1931, and 3) for reasonable personal and domestic purposes.

Acting unilaterally the Secretary of State pegged the rupee to the sterling at the then existing parity of 18d. Sir George Schuster, the Finance Member, believed that the news of this unilateral action was deliberately delayed to present him with a *fait accompli* [Balchandran, 1991].

And almost immediately the miracle of the age appeared in the form of large gold exports from India to continue unabated for the next eight years. Neither the official nor the commercial interests had expected this to happen. It was a surprise to all, though afterwards, many rushed in to claim the credit for it.

Gold exports from India began in September 1931 when England went off gold and they immediately began to ease the exchange situation of India and also of England. They began to support the sterling. J. M. Keynes observed in an article in the *Lloyds Bank Monthly* in April 1932: 'A decisive factor in supporting sterling has resulted from an event of quite first class importance which no one foresaw ... for when it was discovered that gold could be sold for rupees over the price at which it had been bought, there occurred a great and extraordinary event in the monetary history of the world. A tide of gold

which had flowed from West to East for hundreds of years was suddenly reversed'.

'Now this gold is sold forward against sterling, as soon as it is purchased, to one or other of the gold countries, mostly to France. The sterling thus obtained is paid over to the Government of India in exchange for rupees, and used by them to replenish their sterling balances and to repay their dangerously excessive short term sterling debt. Thus the equivalent of India's sales of gold is added immediately to the liquid reserves of the London Market' [Keynes, 1932].

The report of the Bank for International Settlements observed: 'Almost 78 per cent of the gold exported from India was sold in London (approximately 19 per cent being shipped to U.S. and about 3 per cent to Netherlands and France). The bulk of the South African and Indian gold offered in London was sold against gold currencies, dollars or francs, depending on which was stronger. In the case of South African sales a large part, and in the Indian sales practically all the proceeds received in these gold currencies was therefore sold for sterling'. The limited South African sales gave no extra support to the pound. 'The effect upon sterling of the Indian gold exports was quite different. These exports enabled India not only to meet its foreign payments without resort to borrowing in London as would otherwise have been the case, but also to reduce liabilities and increase its balances in sterling. In this way very marked support was given to the pound and through it to those currencies which more or less follow the movements of the sterling exchange. The flow of Indian gold, moreover, provided an extra source of supply to meet the extensive demands of European and American hoarding which made themselves felt intermittently during this year' [Bank for International Settlements, 1933, p. 8].

To get a sense of perspective in regard to these gold exports from India it is necessary to note that in the World of the 1930's India was not the only country that started to export gold. Simultaneously so did China. There was some kind of a ban on exports of gold from China but, in spite of it, gold was exported from that country directly and also smuggled through Hongkong. The Fifth

Report of the Bank for International Settlements (1934-35) reported the following comparative exports of gold from India and China [p. 15].

NET GOLD EXPORTS (In million Swiss Francs)				
Year	India	China	Hongkong	Total
1931	477	54	63	594
1932	1,014	118	59	1,191
1933	653	74	100	827
1934	703	54	68	825
Total	2,847	300	290	3,437

Though small compared with India's, the exports from China were in significant quantities.

In January 1932 gold exports enabled Britain to repay a large part of the stabilization credit it had raised in Paris and New York. Indian gold had also enabled the Bank of England to arrest a flight from the dollar in October, 1931 [Economist, 1932].

In the official circles there was, at the beginning of this period, considerable scepticism about the continuation of the gold exports. London continued to insist on official gold exports. Leith Ross's note to Hopkins dated November 10, 1931 said that Schuster's attitude to gold exports was 'unsatisfactory' and 'we must get him to part with about £5 million at least'.<sup>3</sup> But this scepticism gave place to euphoria when the exports continued in sizeable quantities month after month. The Secretary of State for India in a self congratulatory note to the British Cabinet claimed credit for 'tacking' the rupee to the sterling and causing gold exports. The British Cabinet congratulated him for his 'accomplishment' by a resolution on January 20, 1932. Not to be outdone, the Viceroy in a letter dated January 17, 1931 to Baldwin, the British Prime Minister, declared: 'for the first time in history owing to the economic situation, Indians are disgorging gold. ... We have sent to London in the past two three months 25,000,000 sterling and I hope the process will continue'.<sup>4</sup>

The process continued unabated during the next eight years and between 1931-32 and 1938-39 the net export of treasure from India amounted to Rs 307.22 crore. During the decade 1921-31 India had imported treasure worth Rs 429.34 crore and so the total exports during 1931-39 were only 70 per cent of the previous imports.

TABLE 3. INDIA'S BALANCE OF COMMODITY TRANSACTIONS (MERCHANDISE AND TREASURE) ON PRIVATE ACCOUNT \*

(Rs '00,000)											
Year	Credits			Debits			Freights etc. @ 5% of Col. VII	Insc. Comm. etc. @ 1½% of Col. VII	Imports net of freights & Insurance	Net bal- ance (+) excess of IV over X; (-) Excess of X over IV	Adjusted for gaps as explained in Sec. X of test*
	Merchan- dise	Treasure	Total (Col II + Col III)	Merchan- dise	Treasure	Total (Col. V + Col VI)					
I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1921-22	265.49	19.53	285.02	284.15	33.22	317.37	15.87	4.70	296.80	- 11.78	- 9.78
1922-23	336.76	3.29	340.05	251.29	65.22	316.51	15.83	4.75	295.93	+ 44.12	+ 46.12
1923-24	388.04	4.10	392.14	248.23	54.43	302.66	15.13	4.54	282.99	+ 109.15	+ 110.15
1924-25	426.57	5.58	432.15	270.38	101.52	371.90	18.60	5.58	347.72	+ 84.43	+ 85.43
1925-26	395.28	3.52	398.80	230.98	54.40	285.38	14.27	4.28	266.83	+ 131.97	+ 132.97
1926-27	326.87	2.00	328.87	240.20	41.32	281.52	14.08	4.22	263.22	+ 65.65	+ 68.65
1927-28	369.23	2.63	371.86	278.16	34.83	312.99	15.65	4.69	292.65	+ 79.21	+ 82.21
1928-29	380.82	2.93	383.75	280.40	37.30	317.70	15.89	4.77	297.04	+ 86.71	+ 89.71
1929-30	361.34	1.57	362.91	269.44	27.77	297.21	14.86	4.46	277.89	+ 85.02	+ 88.02
1930-31	257.85	2.43	260.28	189.26	26.91	216.17	10.81	3.24	202.12	+ 58.16	+ 61.16
1931-32	181.90	62.91	244.81	140.35	7.41	147.76	7.39	2.22	138.15	+ 106.66	+ 109.16
1932-33	153.86	67.92	221.78	145.91	3.12	149.03	7.45	2.24	139.34	+ 82.44	+ 84.94
1933-34	171.34	59.19	230.53	129.57	2.08	131.65	6.58	1.97	123.10	+ 107.43	+ 108.43
1934-35	175.73	57.73	233.46	148.64	5.22	153.86	7.69	2.31	143.86	+ 89.60	+ 90.60
1935-36	186.03	41.88	227.91	152.02	5.66	157.68	7.88	2.37	147.43	+ 80.48	+ 81.48
1936-37	226.25	30.00	256.25	140.54	15.68	156.22	7.81	2.34	146.07	+ 110.18	+ 111.18
1937-38	225.47	18.32	243.79	177.52	4.02	181.54	9.08	2.72	169.74	+ 74.05	+ 75.05
1938-39	203.23	14.70	217.93	153.22	2.24	155.46	7.77	2.33	145.36	+ 72.57	+ 73.57
Total	5032.06	400.23	5432.29	3730.26	522.35	4252.61	212.64	63.73	3976.24	+1456.05	+1489.05
Annual average	279.56	22.24	301.79	207.24	29.02	236.26	11.81	3.54	220.90	80.89	82.73

\*Adjusted for gaps in trade returns of French, and Portuguese possessions, and Kathiawar ports, and for inclusion of passengers' packages, samples, etc., in import returns

Source: Banerji, A.K.: *India's Balance of Payments*, Asia Publishing House, Bombay, 1963.

As can be seen from figures in Table 4, the amount of gold exports diminished progressively but even so they continued to be in sizeable quantities till they ended in September 1939. But their character changed gradually over the period. To begin with, it was distress gold that is gold coming out of hoards for meeting distress generated by the world depression. Even before gold exports began in September 1931 during the closing months of 1930-31, there was 'a considerable return of gold from upcountry districts to Bombay. This inflow which commenced in March has been variously estimated at from 5000 to 6000 tolas of fine gold a day' [Controller of Currency, 1931, p. 10].

On the abandonment of the gold standard in September 1931, this distress gold found its way into profitable exports. And gradually the distress-pushed gold was replaced largely by profit-pulled gold. As the Fifth Report of the Bank for International Settlements observed,:

'Although in the past the East has given up gold from its hoards, the present movements are on an

unprecedented scale. It is now no longer a question of gold being sold only by those who in distress have to draw on their savings, gold is also being sold by people wishing to take advantage of the higher price paid for it in terms of, for instance, the Indian rupee. An organised trade has grown up: dealers in gold are, for example, touring the countryside in India for facilitating the disposal of gold for those who may decide to sell' [p. 23].

The total gold (treasure) exports from 1931-32 to 1938-39 amounted to Rs 307 crore as mentioned earlier [Banerji, 1963]. Out of the proceeds of these exports, the Government of India repaid sterling debts of the order of Rs 115.08 crore and Rs 64 crore roughly were held by the Reserve Bank as balances in August 1939. The rest were utilized to meet the annual sterling payments of the Government of India. During all these eight years, as Table 3 makes clear, India's merchandise balance of trade was always favourable and the gold exports, it seems, did not finance any merchandise imports.



The impact of gold exports on the Indian economy is difficult to evaluate because it does not conform to the usually expected impact of an increased surplus in the balance of payments of a country. So far as the Government of India was concerned, there was no supporting economic policy to go with the payments surplus. The policy was of playing second fiddle to the India Office which was obsessed with the well-being of the British economy. As such they were pre-occupied with the exchange rate of the rupee and that of the sterling. To that end they were concerned with the continuation and maintenance

of gold exports from India because that had an important bearing on the sterling parity. As Phillip's Memorandum of February 27 and 29, 1932 put it, 'the most desired objective is a general rise in world prices and the most single powerful force to that end at the moment is the flow of gold from India. That flow depends on the depreciation of the rupee. That is the depreciation of sterling,... at \$3.60 or \$3.70 gold exports from India would not be checked but at \$3.90 they would cease.. A rise in sterling would have a deadening effect (on Indian gold exports) which would be most unfortunate'.

TABLE 4. BALANCE OF TRANSACTIONS IN TREASURE ON PRIVATE ACCOUNT

(RS '00,000)									
Year	Foreign Trade of British India		French & Portuguese Possessions & Maritime States	Total Credit	Foreign Trade of British India		French & Portuguese Possessions & Maritime States	Total Debits	Net Credit (+) or Debit(-)
	Sea Borne*	Land Frontier							
I	II	III	IV	V	VI	VII	VIII	IX	X
1921-22	18,99	54		19,53	31,15	2,06	1	33,22	-13,69
1922-23	2,78	51		3,29	63,04	2,17	1	65,22	-61,93
1923-24	3,55	55		4,10	52,20	2,18	5	54,43	-50,33
1924-25	4,91	67		5,58	99,18	2,30	4	101,52	-95,94
1925-26	3,52			3,52	54,40			54,40	-50,88
1926-27	2,00			2,00	41,31		1	41,32	-39,32
1927-28	2,63			2,63	34,82		1	34,83	-32,20
1928-29	2,93			2,93	37,29		1	37,30	-34,37
1929-30	1,57			1,57	27,77			27,77	-26,20
1930-31	2,43			2,43	26,86		5	26,91	-24,48
1931-32	62,91			62,91	7,26		15	7,41	+55,50
1932-33	67,92			67,92	2,99		13	3,12	+64,80
1933-34	59,19			59,19	1,96		12	2,08	+57,11
1934-35	57,73			57,73	5,19		3	5,22	+52,51
1935-36	41,83		5	41,88	5,45		21	5,66	+36,22
1936-37	30,00			30,00	15,51		17	15,68	+14,32
1937-38	18,32			18,32	4,01		1	4,02	+14,30
1938-39	14,70			14,70	2,23		1	2,24	+12,46
Total	397,91	2,27	5	400,23	512,62	8,71	102	522,35	-1,22,12
Annual average	22,11	55	..	22,24	28,48	2,18	6	29,02	-6,78

\*Adjusted for coastal trade with Burma. But the geographical distribution of Burma's direct trade with foreign countries so far as treasure transactions are concerned are not recorded in either the *Burma Trade Journal* or the *Monthly Statistics of the Sea Borne Trade of Burma*. Source: Banerji, A.K.: *India's Balance of Payments*, Asia Publishing House, Bombay, 1963.

In January 1932, New Delhi felt that capital controls could be safely withdrawn in India. But the British Treasury objected because it 'may diminish the export of gold which is at present the legal method of exporting capital from India. The export of gold has been very useful for sterling'. The India Office assured the Treasury that gold

exports would not be affected by the proposed move. 'We have no reason to think that the flow of gold is drying up'. The restrictions were removed by a notification on January 30, 1932.

In March 1932, Sir George Schuster wanted the British Treasury to keep the primary producers' interests in mind while managing sterling. The

official reply was non-committal but privately the response was, 'the tail (India) cannot expect to wag the Bulldog.' Later in July 1934, Henry Strakosh, an advisor to the India Office, expressed concern about the weakness of the Indian recovery and suggested that sterling be so managed as to promote expansion in India and the rest of the Empire. He was just ignored.<sup>6</sup>

In the circumstances there can be no wonder as to why there was so little an impact of gold sales on the economic conditions in India. They did not seem to have affected the prices or the incomes in India. The index of wholesale prices (Calcutta 1914=100) dropped from an average of 146 for the three years preceding 1929 to 120 in 1930-31

and further to 87 in 1933-34. It increased only to 98 in the next two years. In regard to active note circulation it fell from Rs 167.3 crore in 1929-30 to Rs 142.9 crore in 1931-32 and then rose gradually to Rs 164.6 crore in 1935-36.

We know the official reaction to gold exports. The Indian public and commercial reaction was totally adverse. Gold exports were regarded as disastrous for the country. The gold exported was characterised as 'distress gold' implying that there was something inherently wrong in it. Gold exports were widely attributed to the overvalued exchange rate of 18d. and a demand for devaluation was made from time to time.

TABLE 5. FINAL BALANCE OF INDIA'S INTERNATIONAL TRANSACTIONS ON CURRENT ACCOUNT

(RS '00,000)

Year	Balance of			Net Balance	
	Commodity Transactions	Service Transactions	Non-commercial Transactions	Credit (+)	Debit (-)
I	II	III	IV	V	VI
1921-22	- 9,60	- 81,90	+ 4,03		87,47
1922-23	+ 46,30	- 88,28	- 21,52		63,50
1923-24	+ 111,33	- 92,80	- 26,89		9,36
1924-25	+ 85,61	- 96,51	- 29,47		40,37
1925-26	+ 133,15	- 88,72	- 32,39	12,04	
1926-27	+ 68,83	- 88,91	+ 29,91	9,83	
1927-28	+ 82,39	- 96,91	- 14,57		29,09
1928-29	+ 89,89	- 89,97	- 19,89		19,97
1929-30	+ 88,20	- 88,24	+ 3,58	3,54	
1930-31	+ 61,34	- 74,96	- 9,38		23,00
1931-32	+ 109,34	- 67,65	- 16,62	25,07	
1932-33	+ 85,12	- 71,45	- 17,88		4,21
1933-34	+ 108,61	- 71,07	- 36,80	74	
1934-35	+ 90,78	- 73,00	- 22,73		4,95
1935-36	+ 81,66	- 75,61	+ 13,80	19,85	
1936-37	+ 111,36	- 80,63	- 10,60	20,13	
1937-38	+ 75,23	- 83,34	- 5,81		13,92
1938-39	+ 73,75	- 77,18	- 8,96		12,39
Total	+1492,29	-1487,13	- 222,19	+91,20	-308,23
Net Position	..	..	..	..	-217,03

Source: Banerji, A.K.: *India's Balance of Payments*, Asia Publishing House, Bombay, 1963.

### *The Controversy*

Gold exports naturally evoked varied reactions from Indian economists. They had different and often contradictory views about the causes and consequences of gold exports from India. The debate that took place was not an organised one as, say, in a symposium. Individual economists expressed their views and the analyses behind

them and some of them were counterargued by others. I do not undertake to discuss all or each of these. I shall mainly concentrate on two articles of Professor B.P. Adarkar, one expressing his views and another in reply to Prof. B.R. Shenoy and on two articles of Professor Shenoy, the first propounding his views and the second as a rejoinder to Professor Adarkar's second article mentioned above. Lastly, I shall refer to three

articles of Professor D.R. Gadgil and though written as an independent series its implied target seemed to be the first article of Professor Adarkar. While Professors Adarkar and Shenoy published their papers in 1935-36, Professor Gadgil's appeared in 1938. I will briefly summarise the views and analyses of each of these articles and then comment on those points which had not been tackled in these exchanges.

Of these the first to appear was Adarkar's article 'Gold Export Fallacies' in the *Servant of India*, dated March 14, 1935. (The *Servant of India* was a political weekly, the organ of the Servants of India Society, Poona). The article was not heavily academic though Adarkar did not stray far from the academic line. He began by observing:

'It has now become almost a fashionable virtue among our politicians and some of our *soi-disant* economists to come out at regular intervals with whole-hearted denunciation of Government's *laissez faire* policy in regard to gold exports.'

'There seem to me to be three main fallacies lurking in the minds of those who have made a grievance out of the gold exports. One, that a high sterling ratio has been wholly responsible for the exports. Two, that the gold exports have helped the authorities to maintain an otherwise untenable ratio. And three, that the exports are detrimental to the ultimate economic interests of the country'.

1) The high exchange ratio of 18d. is not a new thing. It has been there since 1924 and in spite of it we continued to import gold till 1931. 'The normal theory of gold filling the gap caused by a less favourable balance of merchandise account, failing to answer the needs of home charges, capital account and invisible balance, does not provide any answer to these enormous exports. The truth is simply that owing to our departure from gold the external price of gold (Rs 34 per tola) rose out of all proportion relatively to the internal price (Rs 21 per tola) and it became immensely profitable to send out gold. If this was not the case, both 'distress' gold as well as commercial gold would have remained in India.'

2) India's merchandise balance has declined from Rs.86 crore in 1928-29 to respectively 76, 62, 34, 3 crore in the following years. 'I maintain that the gold exports were themselves responsible for increased merchandise imports in 1932-33 and

for sustained imports of previous years.' The lie direct to the fallacy however, is given by the appearance of a favourable balance of Rs 35 crore in 1933-34. If it were merely a question of gold exports being required to keep up the ratio, the Government would not have been in a position to repay, as it has done, substantial portions of its short term and long term sterling debts and to strengthen its reserves after meeting the recurrent requirements.'

3) 'Exports of gold have been compared to the loot of the Mahmud of Gazni ... and as a sign of India's growing poverty. If we have reduced our foreign obligations, imported other durable forms of wealth, relieved distress in one of the worst depressions that the world has experienced with the help of a dead asset like gold, this is indeed a matter of congratulating ourselves on our being so civilized. It is sheer ignorance born out of *auri saona fames* which makes us regret the exports.'

'I firmly believe that the export of gold is only a temporary tendency. When the internal and the external prices of gold come into alignment, as they soon must, gold exports must diminish in the near future' [Adarkar, 1935].

Shenoy writing in the *Indian Journal of Economics*, July 1935, mentions the above article of Adarkar as an example of wrong analysis. His own analysis of gold exports from India was: 'the linking of two unstable currencies to one another at a fixed ratio leads to exports of gold involving heavy losses both to the seller of gold and the currency authority and leads the country in an erratic measure of currency expansion and unplanned depreciation. Under the circumstances, therefore, the best policy would be to abandon the link' [Shenoy, 1935, Pp. 1-27].

Besides this central piece of analysis Shenoy had a notion, as Adarkar put it in his reply, 'that it is some diabolical action of England which has forced us off gold and 'undervalued' the rupee in terms of gold, just because this is a way in which the rupee would carry the weight of sterling.'

Adarkar in his reply repeated the arguments in his earlier article and added that the large movement of gold 'depends not on the rupee-sterling rate but entirely on the movement of *cross-rates* primarily Sterling-Dollar and Sterling-Frank rate and the price of gold in the countries outside the

Sterling area' [Adarkar, 1936, Part III].

Shenoy complained that '(1) the rupee is *undervalued* in terms of gold and that (2) the rupee has been *more undervalued* in terms of gold than sterling... So far as India is concerned, at any rate, Shenoy will have to concede that the internal or rupee price of gold is very much lower than the external or sterling price of gold and that the rupee is considerably *overvalued* relatively to the sterling in terms of gold. In fact that is the main reason why gold exports are taking place'.

'Even if the rupee were *independent* of the sterling and had gone off gold (which was appreciating) we would have exported gold just as England has exported gold held in private account.'

If the rupee were to be devalued more gold would flow out because the rupee profits on gold exports would proportionately rise.

He referred to other fallacies mentioned in his earlier article and added 'Let us not cry ourselves hoarse that India is getting poorer because of gold exports, for we did not rejoice that she was getting richer when we were importing gold.'

In his rejoinder to Adarkar, Shenoy repeated his thesis and added: 'The undervaluation of the rupee and the link force India to buy sterling and thus to support it. The rupee being legally chained to the sterling and the gold value being higher than that of (18d.) sterling, the currency authority in India is forced to buy sterling and then act as a prop to it. In the case of other countries in the Sterling Area the legal link being absent, even if the gold value of any of their currencies were higher than that of sterling they would not be forced to buy sterling' [Shenoy, 1936, p. 361].

Gadgil's three articles on Indian currency and exchange deal with the issue of gold exports and though they do not refer to any of the writings dealt with above, the indirect target of them seems to be the first paper Adarkar had published in the same weekly some three years before. Gadgil thought that the gold exports were harmful to India, they maintained an overvalued exchange rate, and that they were caused by the overvalued exchange rate of 18d.

The depreciation brought about by the depreciation of the sterling was not adequate so far as India was concerned. This can be seen in the balance of trade. During the five years from

1930-31 to 1935-36 the balance of trade was adverse. 'These bare facts about the balance of payments are enough to prove that the exchange ratio of the rupee was seriously out of adjustment' [Gadgil, 1938].

Gold exports from India were not like gold exports from gold mining countries. 'Gold in India, whether in private or public hands, as in all other non-mining countries, is a part of a hoard or a reserve. From the national point of view this gold, whosoever holds it, is a national capital asset. If India, as a whole, was able to balance its current imports only by exporting gold for any period of years, it obviously means that the country was living partly on its capital assets for that period.... If this flow had been absent, government would have been forced to change the policy. What happened was merely that the overvaluation of the rupee led to a premium in favour of gold exports. This premium led people to sell out gold and started a movement of gold to other countries. This movement made possible for the country to balance the account even though the balance of merchandise trade had fallen very low and made it possible for government to maintain the exchange at the overvalued point.'

'Some have maintained that as this brought gold out of private hoards where it was sterile, the movement was beneficial. It is pertinent to ask, however, for what purpose the hoards were emptied out? If the hoards had been brought out to be invested in productive capital forms, the movement would be counted all to the good. But if the hoards were depleted for buying foreign consumption goods when we as a nation could not afford to buy them, it involved a definite loss of a capital asset. There are a variety of reasons which have led to the formation of hoards of gold in private hands in India. It might be advantageous to remove these and diminish the extent of these hoards, releasing thereby fresh capital for productive investment; but there is nothing virtuous in the mere fact of the lessening of the hoards. These hoards are after all the result of previous capital savings and we should rather have the capital savings in hoards than not have them at all' [Gadgil, 1938].

And amazingly in 1938 when the world

depression had just lifted, Gadgil had the following to prescribe: 'Deflation, agricultural finance and a drastic diminution in imports- which the nation can no longer afford at the normal level- these must be in forefront in the Indian programme for recovery' [Gadgil, 1938]

### *Appraisal*

On rereading these papers after nearly half a century and appraising them one has to remember that it has to be done in reference to the economic theory then prevailing. At that time the Keynesian revolution was yet to be born and old classical and neoclassical theory prevailed.

From the point of view of the then prevailing theory and also in the light of later theoretical developments, Adarkar's writing is analytically most satisfying and academically sound. In contrast the writings of the other two strike us today as those of ideologues who were singing their own individual songs. I will deal with each of them separately.

Shenoy's heart was in the old gold standard and he disliked any paper or managed currency. His main contention that the gold exports from India, which were of course in his opinion undesirable, were caused by the sterling link, was wrong. Even if the rupee was an independent currency and if gold prices had increased as suddenly as they did in September 1931 from Rs 21 a tola to Rs 34 a tola, gold exports would have taken place. Like India, China was also exporting gold and there was no question of a sterling link there. His contention that because of the sterling link India was forced to buy sterling whereas other parts of the British empire were not obliged to do so, was not an economic argument. The compulsion to buy sterling in the case of India was because it was politically a subject country and her policies were decided in the interest of the mother country rather than of her own. It was imperialism, red in tooth and claw, operating. In the case of other parts of the Empire, while the Dominions were totally independent in their economic policies, other parts of the Empire had not as substantial and significant an amount of payments to make in the international market as India. It was thus not the sterling link but the political link that was

important in this regard. (As we have seen before not only Shenoy, but the Secretary of State for India and the British Cabinet believed that the gold exports were caused by the sterling link. Both were wrong. The British claim that they had planned the forging of the link in order to induce gold exports is fake, because none of them really expected that would happen. As Keynes said what happened was wholly unexpected. Of course, like good politicians they rushed in to claim the credit for it where none was due. Like Esoep's fly sitting on the axle of a chariot tearing at speed along a dusty road and raising clouds of dust, they thought that they were causing the riot!).

Shenoy's implied suggestion that India should have continued on gold is unsupportable, because India could not have maintained a gold standard at a time when even major producers of gold like Australia and South Africa had already or were on the point of abandoning it. His point that the gold exports caused losses to the sellers of gold and to the currency authority is understandable. Sellers of gold could make profits only if they exported it because the international price of gold was higher than the internal price in India. And gold exported was not lost to the currency authority because their proceeds came into the possession of the Government of India and were utilized by them, as we recorded, to repatriate sterling debts and to build up sterling reserves.

Gadgil's central point was that the overvalued exchange rate had brought about a decline in the export surplus of the country and it was to meet this decline that the gold exports were taking place. They had financed excessive imports which India could not afford. The whole argument flies in the face of facts. The overvalued exchange rate of 18d. was in force since 1924 and yet in all the years till 1931 India had not only a surplus balance of trade but was importing gold in significant quantities. How was it that the overvalued rate after the abandonment of the gold standard by England turned into a force that brought about a reduction of export surplus and induced gold exports? As to excess of imports after 1931, the statement is just not true. In the five years before 1930-31 annual merchandise imports ranged between Rs 280 and Rs 189 crore.

In the five years after 1930-31, they ranged between Rs 152 crore and Rs 129 crore. And in each of these years merchandise exports were more than the merchandise imports, that is there was an export surplus. So the imports after abandonment of the gold standard were by no means excessive and in any case they were fully covered by exports. Gold was not being exported to finance an excess of imports. If gold exports implied excess imports, did gold imports in the past imply excess exports? Gadgil was wrong on both points.

His contention, that an overvalued exchange created a premium in favour of gold exports, asserts exactly the opposite of what happens or happened. An overvalued exchange is a damper on exports of both commodities and gold. A depreciation of the rupee exchange rate would have resulted in larger gold exports because that would have put a premium on gold and other exports. Gadgil's position is thus untenable.

Even more unacceptable is his contention that gold exports involved a loss of capital assets of the country and that he would have the gold hoards rather than exports of gold. It is again the wrong notion that gold exports were a loss to India either because they financed an excess of imports of consumer goods or because they were just lost. Both these were not true. As we have remarked above, all merchandise imports into India were covered by merchandise exports all these years and gold exports did not finance these imports. The gold exports were also not lost but a large part of them was used to reduce short term and long term capital liabilities of the country and a good portion was invested in interest bearing sterling securities which constituted the sterling balances of the Reserve Bank of India. There was also an element of capital gains in this transaction because gold bought at Rs 21 a tola was sold at an average price of Rs 34 per tola. The hoarded and unproductive gold hoards had thus been turned into productive assets. I wonder what blinded Gadgil from seeing all these as revealed by concrete statistics which were even then available. Only an ideologue could have had such a blind spot!

On revisiting the controversy today what is

striking is how time and situation specific particular problems and the controversies around them are. The passage of time lends a perspective here not because of new theoretical advances but because of the course of actual events that followed, once again emphasizing the fact that economists' writings differ from one another not mainly because of different theoretical and analytical frameworks but largely because of their preconceptions and preoccupations through which they look at the reality. The exports of gold from India ceased in September 1939 when World War II began. India then reverted to its traditional role of absorbing gold in private hoards. Even during the war the Allies sold gold in the amount of 7.5 million ozs for paying for their war purchases and helping India to build up her gold hoards. As the War progressed, however, the huge tide of sterling rolled in enabling India not only to pay off all her old standing sterling debts but to build up a substantial sum of sterling balances for use in the future. Suddenly the viewpoint of India and Indians changed from that of a debtor country to that of a creditor country and she became anxious to guard the value of her sterling balances. The hated exchange ratio of 18d. now became a sheet anchor of monetary and exchange policy. In conveying the new par value of the rupee to the I.M.F. in 1946 that ratio was the one that was conveyed. As Deshmukh records: 'At the invitation of the Government, the Board (of the Reserve Bank of India) examined the matter at a meeting in New Delhi in November 1946 to which Professor D. R. Gadgil was invited. It is common knowledge that the Board advised that no change be made in the par value already communicated to the Fund, viz. 4.14514 grains of fine gold per rupee which was based on the existing rupee-sterling rate of 1s.6d. and the sterling dollar rate of \$4.03' [Deshmukh, 1948, p. 22]. And an even more telling event was what happened in 1949. In that year when England devalued the pound India followed suit for maintaining the exchange ratio and felt betrayed when Pakistan refused to follow her lead! Of course it was another day and another world! India has now returned to her traditional behaviour of building up her capital reserves or hoards. It may not be pertinent to ask to what

purpose, because it does not seem to bother the economists of the present as those of the past. So until in the future India decides again to change her asset habits, economists can devote themselves to issues that they feel are relevant today though they may not be so a few years later.

## NOTES

1. As Deshmukh noted later: 'How the rulers of India tried to maintain a 2s. gold rupee and failed miserably is well-known. It is not so well-known that Sir Malcolm Hailey, the then Finance Member, was bitterly opposed to the idea and yet had no alternative short of resigning his office, but to defend it in the Assembly and the country generally. The 2s. gold ratio was a last minute brainwave of the permanent staff of the India Office and once it was accepted, was rammed through with the wooden obstinacy and maladroitness often exhibited by that Office' [Deshmukh, 1948, p. 5].

2. All references to the India Office Records, etc., in this paper have been taken from the excellent paper by Balchandran [1991].

3. PRO, T 160/474 F/12471/06 quoted by Balchandran [1991].

4. PRO, T 160/400F/2471 Annex 7 'The Repayment of an Indian loan: An incident in the history of White Hall Control,' C. P. 23(82) of January 15, 1932, quoted by Balchandran [1991].

5. PRO, T 175/57, Part II, Phillip's Memorandum of February 27 and 29, 1932 and his letter to Handerson dated February 20, 1932, quoted by Balchandran [1991].

6. PRO, T 160/474/F 12471/06/2 Viceroy to Secretary of State, telegram of March 9, 1932. Treasury to India Office, letter of March 23, 1932 and Leith Ross's remarks on Weley's minute of March 5, 1932, quoted by Balchandran [1991].

7. This appears to be an unwarranted assertion backed up by no evidence.

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# EXPORTS AND ECONOMIC GROWTH

Sushanta Kumar Mallick

*The paper investigates a question whether India's exports lead to the country's economic growth. In order to answer this, it has made use of causality as a statistical technique employing Granger, Sims and modified Sims (or Geweke-Meese-Dent) tests, to examine one-way or two-way causality in the Auto-regression where the lag lengths of the variables included are chosen by the Akaike's FPE criterion. The paper examines the relationship between exports and economic growth in India using data for the period 1950-51 to 1991-92. The results appear to support the rejection of the null hypothesis that economic growth does not cause exports growth and vice versa. This finding is supported by modified Sims' (Geweke et al) test, of which Granger and Sims tests are shown as special cases. It also demonstrates the validity of this finding with the use of Geweke et al's test, even after extending the bivariate system to a trivariate by introducing imports as a linkage variable. The paper concludes by saying that it is Geweke et al's test which performs better in causality testing, since the other two tests can be treated as special cases of this test.*

## I INTRODUCTION

International trade is an activity of strategic importance in the development process of a developing country. Specifically, the relation between export performance and economic growth is much more important; the subject has been of continuous discussion in the development economics literature. The pertinent question, as to whether exports are the key factor in promoting economic growth, is of crucial importance. A number of studies have examined the theoretical and empirical aspects of relation between exports growth and economic growth using cross-country statistical comparisons.<sup>1</sup> Most of these empirical studies demonstrate that exports contribute to income growth more than just the change in the volume of exports. The objective of this paper is to make an in-depth empirical analysis of an individual country, i.e. India, to investigate the relationship between export promotion and economic growth. This will be attempted by using causality tests for testing the causation between exports and economic growth in the context of Indian economy over the period 1950-51 to 1991-92.

It is seen from the experience of the third world developing countries that the process of development has indeed been export-led in the most rapidly developed LDCs, also popularly known as the Newly Industrialized Countries or NICs (for example, South Korea, Taiwan, Singapore,

Hong Kong and other East Asian countries, and other developing countries like Mexico and Brazil in Latin America). In other words, the experience of the NICs shows that no one single source has proved to be so rewarding and dynamic as a factor of economic growth, as the growth of exports. Indeed, the countries with the highest rates of growth of national income have tended to have the highest rates of growth of real export earnings. So the dramatic economic success of NICs pursuing export oriented policies have proved that export oriented economic growth is not only feasible but can be very rapid as well. Keeping this in view, one can contend that there is an exigent need to examine whether India is one of those countries which have experienced export-led growth. This gives rise to the question of probing the causal nexus (or exogeneity testing) either within the framework of export-led growth or growth-led exports. In order to examine the causal relationships, the causality tests, particularly the Granger, Sims, and modified Sims test, have been employed. The next section will be tracing the analytical framework behind the relationship between growth in exports and income growth. The third section will focus on the methodological issues of causality tests and the fourth section presents the nature of data and empirical results behind the exports versus income growth linkage. The last section will be devoted to concluding remarks.

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The author wishes to thank T Krishna Kumar and an anonymous referee for having offered stimulating and useful suggestions on an earlier version of this paper. The errors which may still remain are entirely the author's.

## II THE ANALYTICAL FRAMEWORK

There is considerable empirical evidence that when free trade policies have been followed, the process of development has indeed been export-led growth in the most rapidly developed LDCs.<sup>2</sup> In international trade theory, a number of reasons have been advanced about why exports could serve as the engine of growth. The two-gap model of development developed by Chenery and Strout [1966] emphasized the role of foreign exchange as a factor limiting the process of economic development of the LDCs. This model is based on the assumption that economies face two sequential limitations on growth: the first limitation is that in early stages of development, domestic saving is low. The second limitation is not attributable to deficit domestic saving but rather to the structure of the economy. This structure is such that goods necessary for growth can only be obtained by running a deficit in the balance of trade: a trade gap which will cause an exchange crisis unless foreign aid is forthcoming. And such empirical investigations are found in Rangarajan and Sundararajan [1976, Pp. 368-372]. Robinson [1971] found that foreign exchange can be considered as a scarce factor limiting growth. This means that countries with a slow rate of growth of export earnings have their rates of growth retarded by the existence of foreign exchange constraint. Chenery and Carter [1973] in their analysis of development experience of a number of LDCs found a high correlation between growth of exports and economic growth in case of a number of countries, and in countries with a retarded growth, foreign exchange constraint operated as a serious limiting factor to growth. Another study by Healey [1973, Pp. 394-415] has found 'a positive and dynamic role for exports in the growth process'. In some studies, exports have been treated as an input in the aggregate production functions [Tyler, 1981, Pp. 121-130; Ram, 1985, Pp. 415-425]. However, it does not make any sense as to why exports are to be included as an input in the aggregate production function. One may take imports taken as inputs in production and level of imports can depend on level of exports given the desire to keep the balance of payments manageable. In other

words, the appearance of exports in the production function is only as a proxy for imports. Alternatively, one may express the actual output as being dependent on expected demand for output (in an economy with underutilization of capacity) and the expected demand might depend on the past exports. Thus exports appear as a proxy for discretionary decisions of the producers and not as material input.

On the other hand it has been argued by a number of economists that a highly satisfactory performance on the export front by a number of LDCs has been the result of a high rate of economic growth achieved in them as a result of highly skilful management of their economic policies [Kravis, 1970; Lubitz, 1973, Pp. 307-319]. In fact, the relationship between exports and economic growth is one of interdependence, such that one affects the other. As Emery [1967, Pp. 470-486; 1968, Pp. 750-760] has pointed out, 'there are substantial grounds for believing that there is a causal relationship between exports and economic growth, and that this relationship is one of interdependence rather than of unilateral causation. There are also grounds for believing, however, that exports are a key factor in promoting economic growth and that it is generally a rise in exports that stimulates an increase in aggregate economic growth, rather than vice-versa'. Syron and Walsh [1968, Pp. 541-545] also sought to relate exports at constant prices with GNP or per capita GNP at constant prices. Michaely [1977, Pp. 49-53; 1979, 141-143] criticized this approach for exports being part of national product and advocated the use of relative share of exports in GNP as a proxy for export growth variable. He found a spearman rank correlation coefficient significant at the 1 per cent level when he correlated average size of the annual changes in the ratio of exports to GNP and per capita growth rate for 41 LDCs. This he interpreted as a verification of the hypothesis that a rapid growth of exports accelerates an economy's growth. Later, it was pointed out by Heller and Porter [1978, Pp. 191-193] that if GNP is conceived of as the sum of final demand and exports, then dividing throughout by GNP, to obtain the relative share of exports, would not help improve matters in giving an empirical

definition of the exports variable. Any change in the relative share of exports would be accompanied by similar changes in the output growth itself. So they suggested that the growth rate of exports over a period of time should be related to the growth rates of non-export components of GNP. The growth of exports - how it stimulates income growth - should be studied with special reference to income net of exports. That seems to be their contention.

Thus, Balassa [1978, Pp. 181-189] investigated the correlation between export growth and GNP growth to measure the total effect, direct as well as indirect, of exports on economic growth in a sample of 11 countries. On the basis of his findings he concluded that 'export growth favourably affects the rate of economic growth over and above the contributions of domestic and foreign capital and labour' [Balassa 1978, p. 188]. Tyler [1981, Pp. 120-130] replicated Balassa's analysis to a larger sample of 55 countries using a later time period. He arrived at conclusions similar to those reached by Balassa and Michaely, namely, that countries which discriminate against their export sectors would have to make do with lower rates of economic growth. Feder [1983, Pp. 59-73] developed an analytical framework for quantitative assessment of factor productivity differentials between exports and non-exports using aggregate data in explaining the growth record of the sample countries, whereas Kavoussi [1984, Pp. 241-250] provided evidence that in both the low and middle income countries, an important cause of the positive correlation between the growth rates of exports and GNP is the rise in productivity which is likely to occur as a consequence of export expansion. Precisely, this export expansion may be due to competitive spirit and importability of modern equipment.

The empirical evidence in favour of export expansion strategy to date consists primarily of an inter-country analysis of the significance of correlations between GNP growth and variables indicative of export performance. In a cross-country comparison, the procedure adopted in most of the studies to test the hypothesis is: first, the compound average growth rates in income and exports over a given period are calculated for each country separately and then correlation and

regression coefficients are found out. Some authors have used rank correlations in addition to the Pearson correlation coefficients. Second, the way in which export growth and income growth variables are to be represented has been subject of considerable debate and discussion in the literature. Moreover, in the case of a single country, there are studies examining the linkage between exports and economic growth. Mukherji [1987, Pp. 50-59], Nandi and Biswas [1991, Pp. 53-59] are two such studies in the case of single country, i.e., India. Mukherji's is a very simplistic analysis employing correlation and regression, which did not detect any causation. Nandi and Biswas' shows that export growth causes growth of national income in the Indian context using the Sims test of causality.

However, correlation analysis employed by many of the studies gives no indication about the direction of causal relationship, it only indicates that export growth is closely associated with economic growth.<sup>3</sup> In addition, regressions employed by them assume that the direction of causation is from export growth to economic growth and also that it is uniform among countries. This is unrealistic given the considerable differences in economic structure exhibited by developing countries. Particularly, there are not many studies on this using the causality techniques except Jung and Marshall [1985, Pp. 1-12], Gupta [1985, Pp. 52-59], and Bahmani-Oskooee *et al.* [1991, Pp. 405-415]. Jung and Marshall found that there is no support for the causal hypothesis that export growth causes output growth and vice versa in the case of India, for the period 1960-79, using Granger test. This study did not make use of any analytical procedure in determining the optimal lag length, although the residuals in all regressions were corrected for first-order autocorrelation. Hence the finding of no causal relation between exports and economic growth in the context of India is not justified, since the Granger test which the study had employed is sensitive to choice of lag length [Hsiao, 1979, Pp. 321-346]. It is well known that the definition of causality depends on the specification. If a model is mis-specified one may get a wrong inference on causality. Hence, before testing for causality

between export growth and income growth, one must include in the model the most important third variable - imports - which enter into the production function that determines the output growth, which also bears an equilibrium or disequilibrium relationship with exports. This study of Jung and Marshall also did not take note of this third most relevant variable- imports. In fact, Bahmani-Oskooee *et al*'s study did take into account an improved technique to determine the optimal number of lags. But it did not include the case of India in the list of sample countries. Gupta's study was for Israel and Korea. Nandi and Basu [1993, Pp. 429-436] arrived at the same conclusion for India like Nandi and Biswas [1991] while attempting a cross country comparison, that export growth causes growth of income using the Sims test of causation. But the point is whether we can conclude on the basis of either Granger test as Jung and Marshall [1985] have employed or Sims test as Nandi and Biswas [1991] and Nandi and Basu [1993] have adopted, when there are multiplicity of causal tests. As mentioned earlier, these two different tests are giving two different results for the Indian economy. So there is a need to combine these two tests to make it a more general one, which will be more reliable than taking each one separately. Hence, the present paper makes an attempt to re-examine the issue in the case of India by taking all the causality tests, particularly a more general test, along with the improved technique of optimal lag selection. Therefore, on the basis of the above-mentioned studies, the specific economic hypothesis to be tested in the context of Indian economy is that 'there is a positive causal relationship between exports and economic growth i.e., a rise in exports stimulates increase in aggregate economic growth and vice-versa' [Gupta, 1985, Pp. 52-54]. The result of such empirical analysis would throw light on which of the three alternative hypotheses listed below is likely to be true: (a) that export growth leads to economic growth, or (b) export growth is a by-product of economic growth, or (c) there is a feedback relationship between these two variables.

### III

#### METHODOLOGY IN TESTING THE CAUSAL RELATIONSHIP

Hume [1738] in his philosophical works, enunciated for the first time that in a statement of causality or relation between causes and effects, theory is essential to perceive the causation between two variables or groups of variables in a model. Hence, according to him, predictability without theory is not causation. In other words, his thesis was that causality cannot be established empirically. Most people consider that it is a matter of observation which brings causes and effects together giving rise to a theory. Economists who have attempted to discuss the meaning of causation in economics include Simon [1953], Wold [1954, Pp. 162-177], Simon [1970, 226-252], Hicks [1979], and Zellner [1979, Pp. 9-54]. However, on the contrary it has often been supposed that the causal relation between the characteristics is purely empirical. These relations were examined for causality in the late 50's and early 60's through simultaneous equation system (structural modelling) - more or less ignoring time-series and stochastic nature of economic data (time series modelling).

On the other hand, Granger [1969, Pp. 324-338] and Sims [1972, Pp. 540-552] developed causality models in economics in probabilistic time series context. Following Granger, Sheehan and Grieves [1982, Pp. 255-256] conducted a test for causality between the annual number of sunspots on the one hand and real GNP and wholesale prices in the U.S. on the other. Their empirical finding was that both real GNP and the wholesale price index (WPI) cause sunspots, although the converse is not true. But Noble and Fields [1983, Pp. 251-254] concluded that four lags of sunspots used by Sheehan and Grieves are not enough to remove all serial correlation from the series. Further, when they included eleven lags of sunspots, the statistical tests no longer indicated that the level of economic activity causes the level of sunspots. This result clearly demonstrates the importance of proper specification of the model before applying the Granger test. The original paper of Granger [1969] was quite explicit on the conditions under which the test can be applied. The requirements of the Granger concept of causality are stated as follows: '(i) The future

cannot cause the past. Strict causality can occur only with the past causing the present or future, (ii) It is sensible to discuss causality only for a group of stochastic processes. It is not possible to detect causality between two deterministic processes' [Granger and Newbold, 1977, Pp. 224-225]. These restrictions appear contrary to previous concepts of causality, which definitely restrict the range of applicability of the Granger concept [Zellner, 1979]. Moreover, Sims [1972] indicates that the introduction of a third variable changes the direction of causality between the two studied variables. 'More precisely, the time series Y is said to cause X relative to the universe U (U is a vector time-series including X and Y as components) if, and only if, predictions of X(t) based on U(s) for all  $s < t$  are better than predictions based on all components of U(s) except Y(s) for all  $s < t$ ' [Sims, 1972, p. 544].

On the basis of these studies, it is evident that one should neither go by simple logical structure ignoring the probabilistic mechanism and the inductive approach nor by mere demonstration of an econometric inductive tool to identify causation without a theoretical structure.<sup>4</sup> It appears then, that it is essential to develop an analytical framework to understand the structural mechanisms, which have been cited in section II above to our problem, and then the relevant technique can be applied to find out the causal linkages. Now let us examine the nature of Granger, Sims, and modified Sims test.

The Granger [1969] test of causality has argued that a time series  $X_t$  can be said to cause another time series  $Y_t$  if the latter can be better explained by the information set which contains the past history of  $X_t$  and  $Y_t$  than from past values of  $Y_t$  alone. If  $X_t$  causes  $Y_t$  and  $Y_t$  does not cause  $X_t$ , then  $X_t$  is said to be causing  $Y_t$  unidirectionally. If  $X_t$  causes  $Y_t$  and  $Y_t$  causes  $X_t$ , then there is said to be a feedback (bidirectional causality) between them. For an empirical execution of the Granger test, it is necessary to estimate two regression equations of the following form:

$$Y_t = a_0 + \sum_{i=1}^m a_i X_{t-i} + \sum_{j=1}^n b_j Y_{t-j} + u_{1t} \quad \dots(1)$$

$$X_t = c_0 + \sum_{i=1}^m c_i X_{t-i} + \sum_{j=1}^n d_j Y_{t-j} + u_{2t} \quad \dots(2)$$

where  $X_t$  and  $Y_t$  are two stationary time series.  $a_0, c_0, a_i, b_j, c_i, d_j$  are coefficients,  $u_{1t}$  and  $u_{2t}$  are mutually uncorrelated white noise series. Following Granger [1969, p. 431], the hypothesis that  $\{X_t \text{ causes } Y_t\}$  will be rejected if  $a_i = 0$  for all  $i$  (or if  $\sum a_i X_{t-i}$  contributes statistically insignificantly to explaining the variance of  $Y$  not explained by the past values of  $Y$ ) and the hypothesis that  $\{Y_t \text{ causes } X_t\}$  will be rejected if  $d_j = 0$  for all  $j$ . In other words, the hypothesis that  $X_t \rightarrow Y_t \Rightarrow a_i \neq 0$  for some  $i$ , and  $Y_t \rightarrow X_t \Rightarrow d_j \neq 0$  for some  $j$ . The hypothesis that  $X_t \leftrightarrow Y_t \Rightarrow a_i \neq 0$  and  $d_j \neq 0$  for some  $i, j$ . On the other hand, acceptance of the null hypothesis would imply absence of causal relationship between  $X_t$  and  $Y_t$ .

Sims [1972] test follows the logic that the future cannot cause the past. In other words, this test is based on a regression of  $Y_t$  on lagged and leading values of  $X_t$  taking account of the serial correlation in the residuals by generalized least squares or prefiltering. A causal relationship is found from  $X_t$  to  $Y_t$  if the parameters of the leading values of  $X_t$  are insignificantly different from zero as a group. Thus in Sims test, the causation between  $X_t$  and  $Y_t$  may be identified by estimating the following equations (Eqs. 3 & 4) and test the hypothesis that all the coefficients for negative lags (i.e., future values of  $Y$ ) are zero.

$$Y_t = \alpha + \sum_{i=-m}^m a_i X_{t-i} + v_{1t} \quad \dots(3)$$

$$X_t = \beta + \sum_{j=-n}^n b_j Y_{t-j} + v_{2t} \quad \dots(4)$$

Under the hypothesis that  $X_t$  causes  $Y_t$ , we have  
(i)  $\sum_i a_i(i < 0) = 0$       (ii)  $\sum_j b_j(j < 0) \neq 0$

For bidirectional causality (feedback) between the two variables, it is to be satisfied that

$$\sum_i a_i(i < 0) = 0 \quad \sum_j b_j(j < 0) = 0$$

And, the condition for independence is that

$$\sum_i a_i(i < 0) \neq 0 \quad \sum_j b_j(j < 0) \neq 0$$

Finally, Geweke, Meese, and Dent [1983, Pp. 161-194] examined several forms of causality tests and found that the Sims test was sensitive to failure to correct for serial correlated residuals. They proposed as an alternative a test using a two-sided distributed lag augmented with lagged dependent variables of  $X_t$  and  $Y_t$ , along with the leading values of  $X_t$  and  $Y_t$  also included, respectively. Although the lag distribution on  $X_t$  and  $Y_t$  is changed completely by the addition of the lagged dependent variables, the  $X_t$  and  $Y_t$  coefficients are still one-sided under the null hypothesis. Hence, a modification of the Sims test proposed by Geweke *et al.*, [1983] involves estimation of Eq. 5 and Eq. 6 as follows:

$$Y_t = \gamma + \sum_{i=-m}^m \gamma_i X_{t-i} + \sum_{j=1}^n \gamma_j Y_{t-j} + \varepsilon_{1t} \quad \dots(5)$$

$$X_t = \delta + \sum_{i=-m}^m \delta_i Y_{t-i} + \sum_{j=1}^n \delta_j X_{t-j} + \varepsilon_{2t} \quad \dots(6)$$

In this case all the tests of Sims hold without any change. This variant of the Sims test avoids the need to use a feasible generalized Least Squares estimator or an *ad hoc* prefilter to cope with Serial Correlation. In this case the disturbance term is serially uncorrelated by construction itself. It is uncorrelated with all  $X_{t-i}$  and with  $Y_{t-j}$ . Hence a variant of the Sims test of the hypothesis that  $X_t \rightarrow Y_t \Rightarrow \sum \gamma_i (i < 0) = 0$  and  $\sum \delta_i (i < 0) \neq 0$ . Similarly the test can be conducted for Eq. 6. In essence, it can be mentioned that Granger and Sims tests are the special cases of Geweke *et al.*'s test. On the one hand, if  $i$  ranges from 1 to  $m$ , the eqn. (5) and (6) become equal to eqn. (1) and (2), respectively, which is Granger's test. On the other hand, if we ignore the lagged dependent term in eqn. (5) and (6), the test becomes equal to Sims test, i.e., eqn. (3) and (4) respectively. Therefore the three basic procedures for causality testing are:

- \* The 'Granger test' regresses  $Y$  on lagged  $Y$  and lagged  $X$  and tests for the significance of the coefficients of the lags of  $X$ .
- \* The 'Sims test' regresses  $X$  on past, present and future  $Y$ , and tests for the significance of the coefficients of the leads of  $Y$ .

- \* The 'Geweke *et al.*'s test (Modified Sims test)' regresses  $X$  on past, present and future  $Y$  and lagged  $X$ , and tests for the significance of the coefficients of the leads of  $Y$ .

In order to perform all the above tests for our problem, the analytical procedure uses the Akaike's [1969, Pp. 243-247, 1970, Pp. 203-217] final prediction error (FPE) suggested by Hsiao [1981, Pp. 85-106] in the preliminary search of the optimal lag length in each polynomial equation. The Akaike test identifies appropriate lag length to each of the variables in the above equations, using a two-stage procedure by minimizing the final prediction error.<sup>5</sup>

#### IV

##### THE DATA AND EMPIRICAL RESULTS

Here empirical results between export growth and economic growth are presented. Economic growth is measured in terms of growth in Net National Product at factor cost. The annual data on NNP at factor cost, exports and imports for a period of 42 years from 1950-51 to 1991-92 have been compiled. Data of NNP at factor cost, exports and imports at constant prices (1980-81 prices) is taken from various issues of *Economic Survey* published annually by the Government of India. Since export is a component of income, to subdue the impact of export on overall income, export is subtracted from income. And then the growth in net income has been used as measure of economic growth. Similarly, the growth rate in exports and imports have been used as variables in causal analysis.

It is well known in the literature that the bivariate system causality testing considers only the relationship between two variables. It may ignore some important information which is the linkage variable of the two studied variables. Hence the results of causal influences obtained from the bivariate system may be misleading, especially if the estimated results show no causality. In order to capture some information which we could have excluded in the bivariate system, we will extend our model to a trivariate system, where the third variable will be considered as the link variable of the two studied variables. It is postulated that exports growth and income growth are positively correlated through a multiple regression with imports being an intervening variable.<sup>6</sup>

Following Akaike, the FPEs resulting from length as follows:

treatment of each variable as a one-dimensional

autoregressive process are presented in Table 1.

Hence we can write our model with optimal lag

$$\text{Income} = f(\text{Exports}_{-5}, \text{Income}_{-9}, \text{Imports}_{-4})$$

$$\text{Exports} = f(\text{Income}_{-9}, \text{Exports}_{-5}, \text{Imports}_{-4})$$

TABLE 1. THE FPE OF FITTING A ONE-DIMENSIONAL AUTOREGRESSIVE PROCESS FOR INCOME, EXPORTS AND IMPORTS GROWTH

The Order of Lags	FPE of Income $\times 10^{-2}$	FPE of Exports	FPE of Imports
1	0.10894	0.07225	0.05097
2	0.10655	0.07082	0.05062
3	0.10860	0.07018	0.04963
4	0.10198	0.06768	0.04901*
5	0.10250	0.06681*	0.06502
6	0.10499	0.09986	0.05653
7	0.10007	0.09822	0.05390
8	0.08753	0.09688	0.06401
9	0.08736*	0.09582	0.07386
10	0.17583	0.12546	0.08972
11	0.16598	0.14410	0.12392

Notes: \* indicates the minimum FPE value corresponding to which the order of lag is chosen as the optimal lag.

It is well known that different lag structures tend to give different results in many empirical studies. Hence, given the unknown true structure, it is helpful to see test results for various sets of lags. The variables are in growth rates instead of in levels, because the growth rates of the variables are treated as stationary whereas the variables in levels are not. The results are reported in Table 2. This has been tested by using various tests like Dickey-Fuller (DF), and Augmented Dickey-Fuller (ADF) test-statistic<sup>7</sup> for stationarity, since

over the past decade testing for stationarity or unit root in autoregressive time series models has received considerable attention in the econometric literature.<sup>8</sup> If the calculated statistic is less than its critical value provided by Fuller [1976, p. 373], then X is said to be stationary. Here this is true in case of growth rates, not in case of levels of the series. As is clear from Table 2 no test statistic falls in the critical region, hence we accept the hypothesis of a unit root for each of these series.

TABLE 2. TESTING FOR STATIONARITY

	Data in Levels			
	Without Trend		With Trend	
	DF	ADF	DF	ADF
Income	0.4155	0.8349	-2.3438	-1.3444
Exports	-0.4082	-0.6486	-2.0405	-2.0781
Imports	-0.7302	-1.2481	-2.7821	-2.3392
	Data in Growth Rates			
	DF	ADF	DF	ADF
	DF	ADF	DF	ADF
Income	-8.6822*	-6.3029*	-8.7249*	-6.4874*
Exports	-5.9289*	-4.3577*	-5.8446*	-4.2998*
Imports	-7.6119*	-4.6654*	-7.5155*	-4.6225*

Notes: \* Significant at 1% level of significance.

Level data are in logarithmic form, and differenced data are first differencing of logarithmic data (i.e., growth rates).

ADF test is based on one lag.

Imports, in both the cases of causality testing, act as an intervening variable which may be influencing exports, because many of our industries are import-intensive in nature, and macro-economic policies are always aimed at keeping the balance of payments position within reasonable limits to maintain a stable exchange rate. An explanation of the inability on the part of exports to accelerate economic growth may be that in the case of Indian economy, percentage change in imports owing to one percent change in income is quite high [Mukherji, 1987, Pp. 50-59]. Hence, import was included as an intervening variable.

The nature of the temporal relationship between the variables can be inferred from the significance

of the regression coefficients by imposing the zero restriction hypotheses on polynomial coefficients attached to the lagged values of the independent (exogenous) variable in each equation comprising the system. The statistical significance of these restrictions are measured by the incremental predictive precision attributable to the lagged values of the particular exogenous variable as indicated by a partial F-test statistic.<sup>9</sup> Accordingly, the nature of the causality between exports and economic growth based on Granger, Sims, and modified Sims test has led to the results as presented in Table 3.

TABLE 3. TESTING FOR CAUSALITY

Direction of Causality	Granger Test			Sims Test			Modified Sims Test		
	Lag	F Value	Decision	Lag	F Value	Decision	Lag	F value	Decision
Exports → Income	3,3	1.9403 (0.1436)	Rejected	-2,2	0.1839 (0.8328)	Accepted	-3,3	1.1118 (0.3638)	Accepted
	2,4	1.7241 (0.1707)	Rejected	-3,3	0.1253 (0.9443)	Accepted	-4,4	1.4398 (0.2595)	Accepted
	4,8	1.5611 (0.1990)	Rejected	-4,4	0.9886 (0.4334)	Accepted	-5,5	1.7131 (0.1963)	Accepted
Income → Exports	4,4	2.114 (0.1051)	Accepted	-3,3	1.5963 (0.2134)	Accepted	-2,2	0.2623 (0.7711)	Accepted
	2,4	2.3641 (0.0754)	Accepted	-8,8	20.9983 (0.0019)	Rejected	-3,3	1.3921 (0.2693)	Accepted
	3,4	2.2726 (0.0856)	Accepted	-9,9	62.7763 (0.0977)	Rejected	-8,8	5.4066 (0.1654)	Accepted
Exports → Income with Imports	2,2,2	0.9839 (0.3848)	Rejected	-1,1	1.8859 (0.1792)	Accepted	-2,2	0.2603 (0.7727)	Accepted
	3,3,3	0.7785 (0.5159)	Rejected	-2,2	0.7842 (0.4669)	Accepted	-4,4	1.5225 (0.2458)	Accepted
	4,4,4	1.0211 (0.4164)	Rejected	-3,3	0.3149 (0.8144)	Accepted	-5,5	1.5399 (0.2621)	Accepted
Income → Exports with Imports	4,4,4	1.5351 (0.2238)	Rejected	-1,1	1.4484 (0.2376)	Accepted	-2,2	0.0736 (0.9292)	Accepted
	5,5,4	1.0621 (0.4089)	Rejected	-2,2	0.8082 (0.4565)	Accepted	-4,4	0.5569 (0.6972)	Accepted
	5,6,4	0.9572 (0.4793)	Rejected	-8,8	1.9324 (0.5076)	Accepted	-5,5	0.6029 (0.6998)	Accepted

Notes: Figures in the parenthesis refer to level of significance.

'Decision' in the Table refers to the direction of causality, whether accepted or rejected, not acceptance or rejection of null hypothesis.

These results suggest that the direction of causality is bidirectional between income growth and exports growth, only in the case of Geweke *et al*'s test (modified Sims test), which can be used in inferring conclusions because other two tests are special cases of this one. Another interesting result which is obtained with imports as a link variable still supports the bidirectional causation

between income growth and exports growth in case of Modified Sims test. Granger test supports the causality running from output growth to exports growth, whereas Sims test supports the causation running from exports growth to output growth without intervening variable. With the introduction of a link variable, Granger test does not show any causality, but in Sims test the cau-



sation becomes bidirectional with imports as a linkage variable. Moreover, Granger test does not show any indication of causality between the two from both directions with the optimal lag. But when we took (2, 4) as the own lag and income lag respectively for Eq. 2, we found there is an unidirectional causation running from income growth to exports growth, since the estimated F-value is significant at the 7 per cent level of significance. On the other hand, there is no (reverse) causation from exports growth to income growth, since the computed F-value is not statistically significant. In short, it is Geweke *et al*'s test which not only supports the feedback relationship between income growth and exports growth in the bivariate context but also in the trivariate context. Since Granger and Sims tests are special cases of Modified Sims test, we can conclude that Modified Sims test is a more general test than the other two. This implies that the results obtained by Modified Sims test are more reliable. Hence the novelty of the test.

#### V CONCLUSION

In an attempt to investigate whether the income growth causes or is caused by the growth of exports, the study reached the following conclusions:

Using the annual data relating to India for the period 1950-51 to 1991-92, Granger, Sims, and modified Sims tests were applied to examine the nature of causation between exports and economic growth. Modified Sims test, of which the Granger and Sims tests are special cases, by and large supported the bidirectional causation between income growth and exports growth. But Granger and Sims tests do not provide consistent evidence regarding the causal linkage between exports and income growth. Since these two are special cases of the Geweke *et al*'s test, it can be concluded that it is modified Sims test which gives consistent evidence in the determination of causal linkage. Hence in this paper we tried to relate the standard causal tests with a modified one, where the former tests are special cases of the modified one.

However, our findings are not in conformity with Jung and Marshall [1985], Nandi and Biswas [1991] and Nandi and Basu [1993]. They only used a bivariate system, whereas we have also tested our model with a trivariate system and the estimated results rejected the null hypothesis of causality, which was supported by Jung and Marshall [1985] for India using Granger test only. Nandi and Biswas [1991] and Nandi and Basu [1993] using Sims test only found an unidirectional causation running from export growth to output growth, which is no way different from our finding in case of Sims test. But it is Geweke *et al*'s test (modified Sims test), which led us to find a feedback causal linkage between income growth and exports growth without and with the link variable. This finding of the present study can be claimed to be a more accurate interaction between exports and economic growth compared to earlier studies. It must be stressed, however, that our conclusion is based on the economic structure that prevailed in India upto 1991-92. When the economy goes through a structural adjustment with emphasis on export-led growth strategy, it is quite possible that export growth can lead to income growth unidirectionally. To get further insight into the problem, there is a need to perform an analysis similar to what is done here across a variety of countries with different structures and different levels of development and different degrees of openness.

#### NOTES

1. See Emery [1967, 1968], Maizels [1968], Syron and Walsh [1968], Severn [1968], Healey [1973], Michaely [1977], Balassa [1978], Heller and Porter [1978], Tyler [1981], Kavoussi [1984], Jung and Marshall [1985], Gupta [1985], Ram [1985, 1987], Nandi and Biswas [1991], Nandi and Basu [1993].

2. *op. cit.*

3. If X, Y are correlated random variables, then Y can be used to explain X but X can also be used to explain Y. If these two events occur simultaneously, it is difficult to tell which is causing which in a pure time series setup. Hence for a definition of causation to be useful for statistical testing, it must contain an assumption on structure that allows such dual relationships to be disentangled [Granger, 1988, Pp. 199-211].

4. For a detailed discussion of concepts associated with causality testing, both philosophical and methodological, refer to the special issue of the *Journal of Econometrics* on CAUSALITY edited by Dennis J. Aigner and Arnold Zellner, Vol. 39, 1988.

$$5. \text{FPE} = \frac{T+m+1}{T-m-1} \cdot \frac{\text{SSE}}{T}$$

where SSE is the error sum of squares of the equation, T is the sample size and m is the order of lags.

First, given  $Y_t$  and  $X_t$ , regress  $Y_t$  on  $Y_{t-j}$  for  $j = 1, 2, 3, \dots$  until you get a minimum Akaike FPE criterion and select the optimum lag length where FPE is minimum. Second, regress  $X_t$  on  $X_{t-i}$  for  $i = 1, 2, 3, \dots$  and  $Y_{t-j}$  (with j optimum obtained from the first stage) and then obtain the optimum lag length i for X. If there is a trivariate system, then the lag length for the third variable can be obtained by regressing this on its past values and the other variables with its optimum lags obtained from the previous stages.

6. In the entire literature on export-led growth as reviewed in this paper, we see a relationship between exports growth and output growth. Output depends on imported goods and imports depend on export earnings through balance of payments equation. Hence imports is an intervening variable that is related to both income and exports.

7. A simple method of testing for unit roots is to employ the ADF test. In the general case, this test is usually formulated as

$$\Delta Y_t = \alpha_0 + \alpha_1 T + \alpha_2 Y_{t-1} + \sum_{i=1}^m \beta_i \Delta Y_{t-i} + \epsilon_t$$

where  $\epsilon_t$  are assumed to be identically, independently distributed random variables. T is time trend. In selecting the order of the ADF test, we follow Dickey, Bell and Miller [1986, Pp. 12-26] who have argued that the choice of additional lags, i.e., value of m, could be determined by the level of significance of estimated lag coefficients using the standard t-test. Here the suitably chosen lag length is one. The essence of the test is the null hypothesis of non-stationarity whose rejection requires a negative and significant t-ratios of the coefficients on  $Y_{t-1}$  (i.e.,  $\alpha_2$ ) in the above regression equation. The t-ratio on the coefficient of  $Y_{t-1}$  (i.e.,  $\alpha_2$ ), however, does not have a standard t-distribution. Hence, the critical values, which are tabled for various sample sizes and numbers of variables by Fuller [1976], need to be used.

8. See, for example, Dickey and Fuller [1979, Pp. 427-431, 1981, Pp. 1057-1072], Evans and Savin [1981, Pp. 753-779, 1984, Pp. 1241-1269], Sargan and Bhargava [1983, Pp. 153-174], Phillips [1987, Pp. 277-301]. For a useful survey of this literature see Perron [1988, Pp. 292-332].

9. The following is the approximate F-statistic, which has been calculated under the hypothesis that the coefficients of the lagged or lead values are jointly zero.

$$F = \frac{(\text{SSE}_2 - \text{SSE}_1)/(\text{DF}_2 - \text{DF}_1)}{\text{SSE}_1/\text{DF}_1}$$

where  $\text{SSE}_1$  and  $\text{SSE}_2$  are the residual sum of squares of with and without lagged values, respectively for Granger test. For Sims and Modified Sims test,  $\text{SSE}_1$  and  $\text{SSE}_2$  are the residual sum of squares of with and without lead values respectively.  $\text{DF}_1$  and  $\text{DF}_2$  are degrees of freedom with and without lagged or lead values, respectively.

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## **DOCUMENTATION**

The purpose of this section is to make available to the readers official documents such as reports of committees, commissions, working groups, task forces, etc., appointed by various ministries, departments, and agencies of central and state governments which are not readily accessible either because they are old, or because of the usual problems of acquiring governmental publications, or because they were printed but not published, or because they were not printed and remained in mimeographed form. It will be difficult and probably not worthwhile to publish the documents entirely. We shall publish only such parts of them as we think will interest our readers. The readers are requested to send their suggestions regarding official documents or parts thereof for inclusion in this section.

In the present section we publish:

1. Report of the Indian Police Commission, 1905, Chapter XII
2. Report of National Commission 1981, Extract from Seventh, Eighth, and Concluding Reports.

# REPORT OF THE INDIAN POLICE COMMISSION, 1905

## CHAPTER XII

### SUMMARY OF RECOMMENDATIONS

200. The Commission think that it will be convenient if they conclude their report with a summary of their recommendations. The most important of these are as follows:

#### I. - ORGANISATION.

##### *(a) District Police.*

(1) That the police force should consist of (a) a European Service, to be recruited entirely in England; (b) a Provincial Service, to be recruited entirely in India; (c) an Upper Subordinate Service, consisting of head constables and constables.

(2) That the office of Inspector-General should ordinarily be held by selected District Magistrate, and that the Inspector-General in Bombay should be given the same powers as are exercised by Inspectors-General in other provinces.

(3) That all the large provinces should be divided into ranges and that a Deputy Inspector-General should be placed in full administrative charge of each range.

(4) That no officer of lower grade than that of Superintendent should be placed in charge of the police of a district.

(5) That a certain number of Superintendships should be reserved for members of the Provincial Service.

(6) That for some of the large districts in Madras and for Khandesh in Bombay two Superintendents are required.

(7) That on the analogy of the Provincial Civil Service a grade of Deputy Superintendents should be created; the status of these officers being the same as that of Assistant Superintendents.

(8) That there should be one Assistant or Deputy Superintendent in every district, and that in the larger districts one or more additional officers of this class should be appointed to hold charge of a subdivision.

(9) That each district should be divided into circles consisting, as a rule, of from 5 to 8 police stations, except in the case of large towns, when the town and its environs should form one circle.

(10) That an Inspector should be placed in charge of each circle to supervise all police work within it.

(11) That the ordinary area of a police station

should be about 150 square miles.

(12) That the officer in charge of a police station should be of the rank of Sub-Inspector, and that where the work of investigation is heavy, one or more additional officers of this rank should be appointed in order to obviate the necessity of employing any officer of lower rank in investigating offences.

(13) That one head constable should be attached to every police station to perform the duties of station writer.

(14) That the establishment of a police station should also contain a second head constable to render general assistance to the Sub-Inspector, but not to undertake the investigation of any offence independently of that officer.

(15) That the duties of constables should be of a mechanical character, such as escorts, guards, patrols and the like, and that they should be employed on the more responsible duties of the police only under the direct orders of some superior officer.

(16) That there should be for each district, or in some cases for each group of districts, a force of armed police sufficient to deal with tumults and local disturbances, a fixed portion of this force being kept in reserve always ready to proceed to any place where it may be needed.

(17) That this Headquarters Force should be in charge of an European Inspector assisted where necessary by a European sergeant.

(18) That the division of the police into armed and unarmed branches is undesirable.

(19) That the military police in Bengal should be abolished.

(20) That mounted police are very expensive and should not be employed unless necessity for them is clearly established.

(21) That European sergeants are required for cantonments, sea-ports, large railway stations and other places where the police may have to deal with Europeans. They are also needed in some cases to stiffen the armed Headquarters Forces. They are unsuitable for employment in the interior.

##### *(b) Railway Police*

(22) That, with few exceptions, the limits of the jurisdiction of the railway police forces should be coterminous with the limits of the provinces.

(23) That the organization of the railway police should follow the lines recommended for the district police.

(24) That the duty of the railway police should be confined to the maintenance of law and order, and that they should not undertake the duty of watch and ward.

(25) That a constable or head constable should travel in every passenger train.

(26) That the railway police should not be required to investigate cases of shortage or missing goods, unless they have reason to suspect the commission of a cognizable offence; or to examine the seals on goods wagons.

*(c) River Police*

(27) That for the prevention and detection of serious crime on the navigable rivers in Bengal and Assam a separate river police force under a Superintendent is necessary.

*(d) Municipal and Cantonment Police*

(28) That no separate police forces should be maintained for municipalities and cantonments and that where payment for such police is now made from municipal or cantonment funds the charge should be transferred to provincial revenues, which should be relieved of equal expenditure on some other branch of the municipal or cantonment administration; but these recommendations do not apply to the presidency towns, which may require separate treatment.

*(e) Police of the Presidency Towns and Rangoon*

(29) That the complete separation which now exists between the city and district police does not conduce to systematic co-operation between the two forces and leaves the Inspector-General in ignorance of the police work in the most important charge in the province.

(30) That if the Commissioner of Police is placed under the Inspector-General, the former must retain much larger powers of discipline and control than are accorded to District Superintendents.

(31) That the Commissioner of Police should be

graded as a Deputy Inspector-General.

(32) That the office of Deputy Commissioner as now constituted should be abolished.

(33) That the present class of Superintendents should be abolished, their place being taken by a small number of officers of the rank of District Superintendent, who should be deputed for duty in the city.

(34) That in respect of the lower ranks, the organisation should be similar to that of the district police, but that a larger proportion of Europeans is necessary.

*(f) Criminal Investigation Departments*

(35) That there should be constituted in each province a Criminal Investigation Department for the purpose of collating and distributing information regarding organized crime, and to assist in the investigation of crimes when they are of such a special character as to render this assistance necessary.

(36) That in all the larger provinces the head of this department should be an officer of the rank of Deputy Inspector-General, who should also have the administrative charge of the railway police of the province.

(37) That he should have a Personal Assistant of the rank of District Superintendent.

(38) That the work now done by the Secretariat Police officer should be transferred to the Criminal Investigation Department, which would also include the Provincial Finger Print Bureau.

(39) That there should be a similar department for the whole of India, presided over by an officer of the standing and experience of an Inspector-General.

(40) That the functions of this Central Department should be to collect, collate and communicate information obtained from the Provincial Criminal Investigation Departments or otherwise.

(41) That its intervention in the investigation of offences should ordinarily be confined to such special technical crimes as note forgeries, but that it should also assist local authorities by obtaining for them the services of officers acquainted with the personnel or methods of criminals who come from outside the province.

(42) That the central agency should be brought into connection with the police of the Native States for the purpose of obtaining full information regarding the commission of organised crime therein.

#### I. RECRUITMENT AND TRAINING.

(43) That the recruitment of the European service should be by competitive examination in England, on the same conditions as at present, except that the age limits for candidates should be 18 to 20.

(44) That successful candidates should be required to undergo a two-years' course of training at an English residential university where there is a Board of Indian Studies, each candidate receiving an allowance during this period of £ 100 a year; and that the course of study should include criminal law and practice, taking of notes of cases in the criminal courts, an Indian vernacular, Indian history, geography and ethnology and riding. Probationers should also be required to join a volunteer corps and become efficient.

(45) That in addition to this probationary training in England each Assistant Superintendent should on arrival in India be attached for one session to the provincial training school.

(46) That the provincial service should be recruited in respect of one-half of the vacancies by the promotion of carefully selected Inspectors; and in respect of the other half by the selection of natives of India who have qualified for the provincial service in the Revenue, Judicial or Police Departments, or by the appointment of any Native officer already employed in such provincial service.

(47) That any selected candidate who has had no police experience should undergo a course of training at the provincial training school.

(48) That the recruitment of Inspectors should ordinarily be by the promotion of selected Sub-Inspectors, but that in respect of not more than 20 per cent of the vacancies the Government should reserve to itself the power to make direct appointments, men so appointed being sent to the provincial training school for a course of instruction.

(49) That, save in exceptional cases, the recruitment of Sub-Inspectors should be by direct

appointment, and that promotions of head constables to this rank should be strictly limited and should in no case exceed 15 per cent of the vacancies.

(50) That probationers, should be selected from the general list of candidates compiled by the Inspector-General of Police from lists prepared by Commissioners of Divisions with the assistance of District Magistrates and Superintendents of Police.

(51) That no person should be eligible for entry in these lists unless he is of good moral character and social position, possesses the necessary educational qualifications, which shall in no case be lower than the University Matriculation or School Final Examination, is between the age of 21 and 25 years, and is physically fit for police service.

(52) That a provincial training school should be established in each of the larger provinces for training of police officers of and above the rank of Sub-Inspector.

(53) That the Principal of this school should ordinarily be a carefully selected Superintendent of Police, assisted by a competent and adequate staff of instructors.

(54) That the course of instruction should include Criminal Law and Law of Evidence, Police Procedure and Practice and the habits and customs of the criminal classes; that arrangements should be made for giving practical training in station house work; and that special instruction should be given in regard to the manner in which police officers should conduct themselves towards the public.

(55) That the recruitment of head constables should be by promotion from the ranks, except where it is found impossible to find among the constables a man qualified for the post of station writer.

(56) That constables should be recruited locally so far as is possible; that recruitment should be confined to the classes which are usually regarded as respectable, care being taken to ascertain that the candidates are of good character and antecedents. Members of the criminal classes should not be enlisted.

(57) That a due proportion should be maintained between the importance attached respectively to

physical and educational standards, with a view to increasing the number of literate men in the force.

(58) That for the training of constables, central schools should be established for groups of districts; that each school should be under a Deputy or Assistant Superintendent, assisted by a staff of Inspectors and Sub-Inspectors; that the course of training should extend over six months and should include instruction in drill, discipline, elementary law and police procedure and the manner in which police officers should conduct themselves towards the public.

(59) That the minimum pay of constables should be fixed for each province at a rate which will give a reasonable living wage for a man of the class required; that in no province should this minimum pay be less than Rs 8 a month, while in Burma it should be about Rs 12.

(60) That after three years of approved service the pay should be raised by one rupee per mensem, after a further period of five years by another rupee, and after seven years more by a third rupee; in Burma the increment should be Rs 2 instead of one rupee.

(61) That good conduct allowances should be abolished, and that specially good service should be rewarded by entries in the character book or long roll, by good service stripes, or by money rewards.

(62) That head constables should be divided into three grades carrying pay at Rs 15, Rs 20 and Rs 25 a month, respectively.

(63) That Sub-Inspectors should be divided into four grades on salaries of Rs 50, Rs 60, Rs 70 and Rs 80; that they should also receive a horse allowance of Rs 15 a month, but no special allowance for the charge of a police station; that while at the school they should receive Rs 25 a month and no horse allowance; and that they should be given a reasonable advance for the purchase of a horse, uniform and accoutrements.

(64) That Inspectors should be divided into four grades on Rs 150, Rs 175, Rs 200 and Rs 250.

(65) That Inspectors in charge of rural circles should receive travelling allowance at the rate of one rupee per diem, and that all other Inspectors should be given a horse or conveyance allowance of Rs 15 per mensem.

(66) That Deputy Superintendents should be divided into four grades, carrying salaries of Rs 250, Rs 300, Rs 400 and Rs 500 a month.

(67) That Assistant Superintendents should be divided into three grades on Rs 300, Rs 400 and Rs 500 a month, respectively.

(68) That Superintendents in the Provincial Service should be graded on salaries of Rs 600, Rs 700, Rs 800 and Rs 900 a month.

(69) That Superintendents of the European Service should be divided into five grades with salaries of Rs 700, Rs 800, Rs 900, Rs 1,000 and Rs 1,200 a month; but that no Superintendent should receive promotion to the Rs 900 grade if he is considered unfit to hold charge of the police of any of the more important districts.

(70) That Deputy Inspector-Generals should be divided into three grades on Rs 1,500, Rs 1,750 and Rs 2,000 a month, respectively, and that these officers should be eligible for the special pension of an additional Rs 1,000 a year provided for in the Civil Service Regulations.

(71) That the pay of the Inspector-General in the larger provinces should be fixed at Rs 2,500-100-3,000, so as to secure his retention in the office for a considerable period; that in Assam and the Central Provinces the Inspector-General should receive a local allowance of Rs 250 a month in addition to his salary as a member of the Commission; and that the Inspector-General of the North-West Frontier Province should be given the pay of a Deputy Inspector-General of the first class, namely, Rs 2,000 a month.

(72) That free-quarters should be provided for every police officer of or below the rank of Sub-Inspector; the quarters now provided are in many cases unsuitable, and in some instances are unfit for human habitation.

(73) That all officers should be entitled to retire on full pension after 25 years' service, and that the Government should be empowered to dis-pense with the services of any officer after that period of service.

#### IV. - STRENGTH

(74) That the police forces are at present inadequate in every province and must be increased.

(75) That a reserve is required to supply men for the vacancies caused by casualties; that in the



case of the European superior staff this should be provided in the rank of Assistant Superintendent, while for the provincial and upper subordinate service it should be provided in the rank of Sub-Inspector and should be fixed at 14 per cent of the total strength of those services; that for European Inspectors and Sergeants it should be provided in the lower rank at 10 per cent of the total strength; and that for constables and head constables it should be provided by an addition to the rank of constable of 15 per cent of the total strength of both constables and head constables.

#### V. - DISCIPLINE

(76) That the District Magistrate should not interfere in matters of discipline, which should be left entirely to the officers of the force, but the Magistrate should have power to direct the Superintendent to make an enquiry into the conduct of subordinate officers, and if he is not satisfied with the result of that inquiry he should be at liberty to bring the matter to the notice of the Deputy-Inspector General or Inspector-General.

(77) That no officer of rank below that of Superintendent should be empowered to inflict any punishment except extra drill and confinement to quarters.

(78) That evidence of general repute should be admissible to prove a charge of corruption.

(79) That removal from service upon reduced pensions or gratuities should be permissible in the case of officers who are proved to be inefficient.

#### VI. - VILLAGE POLICE

(80) That it is of paramount importance to develop and foster the existing village agencies available for police work.

(81) That the responsibility of the village headman for the performance of the village police duties should be recognised and enforced in every province; and that the village watchman must be a village servant subordinate to the village headman and not to the regular police.

(82) That the supervision and control of village headmen should be entrusted to the Collector or Deputy Commissioner and his subordinate officers.

(83) That the regular periodical attendance of village watchmen at the police station is unnecessary and undesirable.

(84) That it is expedient to relegate the trial of petty offences to village headmen or panchayats, and that where this system does not exist it should be cautiously and experimentally introduced.

#### VII. RELATIONS BETWEEN THE MAGISTRATES AND THE POLICE

(85) That Divisional Commissioners should not interfere directly in the details of police administration, but that their responsibility should be limited to the duty of supervising and advising District Magistrates.

(86) That the responsibility of the District Magistrate for the criminal administration of the district must be preserved, and that he must, therefore, be given authority over the police; but that this authority should be of the nature of general control and direction and not a constant and detailed intervention.

(87) That whenever a District Magistrate has been compelled to take an active part in the investigation of any case, he should not try the case himself.

(88) That if a District Magistrate receives a report from the police that in any case there has been or is likely to be a failure of justice and he sees reason to interfere, he should proceed in open court in accordance with the provisions of the law.

(89) That as regards other Magistrates it is desirable to impress on their attention that the law provides that their connection with a case shall begin from the receipt of the police report containing the first information regarding it and continue to the end.

(90) That it is the duty of the Magistrate to examine the reports which from time to time he receives under the provisions of the Criminal Procedure Code and that he must make every effort to discover the truth.

(91) That strictures on a police officer should be recorded in a separate note, unless his misconduct is established after his explanation has been heard, or unless reference to it in the judgment is necessary for the elucidation of the case.

## VIII. - PREVENTION

(92) That proof of previous convictions which would render section 75 of the Indian Penal Code applicable should be permitted at any time before the release of the offender, and that the law should be amended to secure this.

(93) That the Code of Criminal Procedure should be amended so as to allow of any first class Magistrate being invested with powers under section 30 in respect of the trial of old offenders.

(94) That enquiries into cases of bad livelihood should invariably be held in the village of the person against whom information has been received.

(95) That section 565 of the Code of Criminal Procedure should be amended, so as to forbid a person under police supervision to absent himself from his home without first reporting his intention to do so; and that the maximum penalty for breach of the rules under that section should be raised to imprisonment of either description for one year.

(96) That a provision should be inserted in the Criminal Tribes Act authorising the simple registration of notified criminal gangs and the taking of the finger impressions of the adult male members; that full information be collected about all criminal tribes and gangs as a preliminary to dealing with them more effectually than at present; and that it is essential to the success of any such measures that they should be extended to Native States.

(97) That police surveillance over criminals should be confined to those who are really dangerous, and that a uniform system of history sheets, surveillance registers and reports of movements of habitual criminals should be established for the whole of India.

(98) That the present system of beats lowers the position and weakens the authority of the village headmen and should be abolished; and that the visits of police constables to villages should be only for the purpose of obtaining specific information.

(99) That the lighting of streets in municipal towns everywhere calls for improvement.

(100) That for the purpose of suppressing cattle theft, the offence defined in section 215 of the Indian Penal Code should be made cognizable;

and that the voluntary registration of sales of cattle and the grant of passes or certificates of ownership by the village headman should be encouraged.

## IX. INVESTIGATION OF OFFENCES

(101) That the investigation of offences should be made 'on the spot'; that is at the place most suitable for its success and for the convenience of the people.

(102) That the discretion given by clause (b) of the proviso to section 157 of the Code of Criminal Procedure should be exercised subject to the following general principles:- (1) No investigation should be made in any case which, after consideration of the complaint and anything which the complainant may have to say, seems to fall under section 95 of the Indian Penal Code. (2) No investigation should be made in any case where the complaint shows that the complainant is apparently seeking to take advantage of a petty or technical offence to bring into the Criminal Courts a matter which ought properly to be decided by the Civil Courts. (3) No investigation should be made into any case which the village Magistrate or headman or other village tribunal is empowered under any local law to deal with and dispose of. (4) In cases other than those of the three clauses specified above the police officer should ordinarily make investigation if the complainant so desires, but he should not enter on an investigation if the injured person does not wish for one, unless the offence appears to be of a serious character, or the offender is an habitual criminal.

(103) That the offences punishable under sections 341, 342, 374, 406 and 447 should be made non-cognizable.

(104) That the power to arrest without warrant persons who within the view of the police officer commit what may be generically termed 'nuisance cases', which is given by section 34 of the Police Act (Act V of 1861) and by the Municipal Acts of most provinces, should be withdrawn, the police being left to deal with such offenders under the provisions of section 57 of the Code of Criminal Procedure.

(105) That it should be clearly laid down, by the enactment, if necessary, of a proviso to section 157 of the Criminal Procedure Code, that the

police officer receiving information of a cognizable offence is not compelled to make an immediate arrest of the offender; that in cases in which there is no reason to believe that the accused will abscond it may sometimes be wise to apply in the first instance to the Magistrate, who may issue either a warrant or summons as he sees fit.

(106) That the discretion given by the law regarding the taking bail in non-bailable cases is not sufficiently or generally realized. The existence of reasonable suspicion against any person justifies his arrest (section 54 of the Code of Criminal Procedure), but that there must be 'reasonable ground for believing that the accused has been guilty of the offence' to justify refusal of bail (section 497).

(107) That the power of taking bail given to an officer in charge of a police station by sections 169, 496 and 497 of the Code of Criminal Procedure should also be given to an officer making an investigation.

(108) That the power to depute a subordinate to make an arrest which is given by section 56 of the Code of Criminal Procedure to the officer in charge of a police station should also be given to any officer conducting an investigation.

(109) That the use of handcuffs and other forms of restraint and restrictions as to food, clothing and visits of relatives and legal advisers, in the case of a person under arrest, but not proved guilty, should be limited to what is reasonably necessary to prevent escape or the evasion of justice.

(110) That the detention of suspects without formal arrest is illegal and must be rigorously suppressed.

(111) That the law should be amended so as to render it possible to enforce the obligation to answer questions imposed by sub-section 2 of section 161 of the Code of Criminal procedure.

(112) That in all important cases the Magistrate should peruse the diary prepared under section 172 of the Code of Criminal Procedure; statements recorded under section 162(1) should not be entered in this diary, which should contain only the purport of the information given by each

witness.

(113) That the practice of working for or relying on confessions should be discouraged in every possible way; and that confession should be recorded only by a Magistrate having jurisdiction to inquire into or try the case.

(114) That in every Sessions Division, and in every district where the Sessions Division includes more than one district, a qualified member of the local Bar should be appointed a Public Prosecutor for the conduct of important cases; and that such appointment should be for a term of years.

(115) That for every district a Police Inspector should be appointed a Public Prosecutor for the conduct of cases in the magisterial courts, that he should be assisted where necessary by one or more Sub-Inspectors; and that at the headquarters of each magisterial subdivision a Sub-Inspector should be appointed as Public Prosecutor for the courts in that subdivision.

(116) That these Prosecuting Inspectors and Sub-Inspectors should not be required to perform ministerial duties in connection with the courts, or clerical work in connection with ordinary police.

(117) That section 337 of the Code of Criminal Procedure should be amended so as to allow the tender of pardon in all cases triable by the Court of Session, instead of, as at present, only in those exclusively triable by such a Court.

(118) That the postponement and adjournment of cases causes grievous hardship to parties and witnesses and serious injury to police work.

(119) That the scriptory work of police officers should be reduced as much as possible, and that the statistical returns should be limited as recommended in the appendices.

(120) That police work should not be judged by statistics, but by local inspection and inquiry.

(121) That Superintendents should, as far as possible, be relieved of work in connection with accounts.

(122) That miscellaneous work not connected with proper police duties should not be imposed on police officers.

## XI. - MISCELLANEOUS.

(123) That there should be a single Police Act for the whole of India.

(124) That the police manuals of every province require to be largely reduced in bulk, and that portion of each manual which is of general application should be prepared under the instructions of the Government of India.

(125) That there should be greater uniformity

of nomenclature as regards both the personnel of the Police Department and its records.

(126) That there should be periodical conferences between the Inspectors-General of the different provinces.

(127) That the Government of India should supplement their occasional reviews of the annual Police Reports by a quinquennial review of police work for the whole of India.

## REPORT OF THE NATIONAL POLICE COMMISSION, 1981

## SEVENTH REPORT

## CHAPTER LVIII

ROLE OF THE CENTRE IN PLANNING,  
EVALUATION AND CO-ORDINATION

58.1 Article 246 of the Constitution places Police (including railway and village police) in the State List. However, certain entries in the Union List of the Seventh Schedule impose on the Central Government the responsibility to deploy armed forces or any other force in aid to Civil power, to maintain the Intelligence Bureau and the Central Bureau of Investigation, to recruit and manage the Indian Police Service, to set up Central Institutions for professional training of police officers, to promote police research and to render scientific assistance in the investigation and detection of crime. The quasi-federal character of our Constitution implies a coordinating role for the Centre in inter-state police problems. In the Concurrent List of the Seventh Schedule there are provisions for the Centre enacting criminal laws and establishing criminal procedure. In addition to these provisions, Article 355 of the Constitution spells out that 'It shall be the duty of the Union to protect every State against external aggression and internal disturbance and to ensure that the government of every State is carried on in accordance with the provisions of this Constitution'. Though this stipulation has been placed in Part XVIII of the Constitution dealing with Emergency Provisions, in actual practice it is seen that even in normal times when the States face law and order problems that are beyond their capacity, the Centre steps in by providing para-military forces and all other help which the States require. The Centre also plays a counselling role where the law and order

problems in a particular state have the potential of assuming national proportions. In cases where the States are reluctant to control law and order problems firmly, because of local interests and pressures, the Centre would have to take on direct responsibility if the States continue to show reluctance in dealing with such situations. Apart from these constitutional obligations, the Central Government has at its disposal greater financial resources than the State Governments and has to provide financial assistance to the States to enable them to meet their requirements in various spheres, including the police. The Centre is at present providing substantial grants and loans to the State Governments to modernise their police forces and provide some basic facilities to police personnel. Consequently, the Centre performs the following duties in the sphere of police:

- (1) Recruiting and managing the Indian Police Service;
- (2) Operating the Intelligence Bureau, the Central Bureau of Investigation and other Central Police Organisations;
- (3) Maintaining armed police units and para-military forces in the Centre which, among other things, assist the civil power;
- (4) Maintaining a Directorate of Coordination, Police Wireless to provide the State Police Organisations an independent channel of communication;
- (5) Maintaining a Directorate of Coordination, Police Computers to ensure the modernisation of State Police Organisations with the application of computer technology;

- (6) Providing institutions and organisations for research, training and rendering of scientific aids to investigation;
- (7) Enacting laws to ensure a uniform criminal justice system in the country;
- (8) Coordinating the activities of the various State Police Organisations;
- (9) Rendering advice and assistance to the States to maintain internal peace; and
- (10) Providing financial assistance to the State Police Organisations and monitoring its utilisation.

#### *Historical Perspective*

58.2 It would be worthwhile at the outset to make a brief historical review of the growth of the various Central Police Organisations to show how in the present day the various tasks being performed by the Central Government have developed on these organisations. At the time of Independence, other than a few battalions of the Crown Representative's Police and a small Delhi Special Police Establishment for the purposes of vigilance in the Centre, the Intelligence Bureau (IB) was the only Central Police Organisation. Apart from performing its basic charter of duties relating to collection and dissemination of intelligence and counter-espionage, it also acted as the adviser to the Central Government on all police matters and as the controlling department for Central Police Institutions or agencies created for the purpose of assisting the State Police Organisations. In this capacity it was looking after the Central Forensic Science Laboratories, the Government Examiners of Questioned Documents, the Central Finger Print Bureau and also conducting the conferences of the IsGP, DIsG, CID and the various police duty and sports meets, in addition to looking after both internal and external intelligence operations.

58.3 The Special Police Establishment was formed in 1941 under the War Ministry and then given a legal identity by the Delhi Special Police Establishment Act, 1946 and placed under the Home Ministry. Initially it was placed under the Director, Intelligence Bureau. In 1948 it acquired an independent identity with its own Inspector

General of Police. On 1-4-63 the Delhi Special Police Establishment was enlarged to form the Central Bureau of Investigation (CBI) with the Delhi Special Police Establishment forming one of its divisions, the others being Legal and Police Division, Economic Offences Division, Research and Technical Division, Crime Records and Statistics Division. In 1969 a Central Forensic Science Laboratory was set up in Delhi and placed under the C.B.I. and in 1973 the Central Finger Print Bureau was transferred from the I.B. to the C.B.I. The Central Bureau of Investigation takes up cases against Central Government servants or other public servants involved in offences of corruption or misuse of power. It also investigates cases involving breach of economic laws. The following are also included in the charter of duties and functions of the C.B.I. :-

- (1) Investigation of, or assistance to State Police in the investigation of offences having international ramifications;
- (2) The collection of intelligence, maintenance of statistics and dissemination of information relating to crimes involving antiques, narcotics, etc.;
- (3) Participating as the National Central Bureau in the activities of the International Criminal Police Organisation (Interpol);
- (4) The study of specialised crimes of particular interest to the Government of India or crimes having all-India or inter-State ramifications or of particular importance from the social point of view; and
- (5) As the premier vigilance agency in the country, to convene conferences of State Anti-Corruption Chiefs.

58.4 In 1970 the Research and Statistics divisions of the C.B.I. were separated and enlarged to form the Bureau of Police Research and Development (BPR & D) with the following two functions:-

- (1) Research, statistics and publication of police documents and journals; and
- (2) Development of police manpower and equipment.

In 1973, training of police personnel was added to the charter of responsibilities of the BPR & D. Following the creation of the BPR & D, the charge of the Central Forensic Science Laboratories, the Government Examiners of Questioned Documents, the publication of criminal statistics, police documents and journals and the management of Forensic Science personnel was transferred from the I.B. to the BPR & D. In 1973, within the framework of the BPR & D, an Institute of Criminology and Forensic Science (ICFS) was created with the following functions:-

- (1) Conducting integrated courses for senior Police, Judicial and Correctional Service Officers;
- (2) Conducting courses for police officers in research methodology;
- (3) Training police officers to handle juvenile delinquency;
- (4) Conducting courses on Documentation Ballistics and Police Photography; and
- (5) Acting as an institute of higher learning in the fields of Criminology and Forensic Science.

In 1976, the I.C.F.S. was separated from the BPR&D and made an independent institution.

58.5 The growth of an independent telecommunication facility for the police led to the establishment of a Directorate of Co-ordination, Police Wireless (DCPW). Similarly, the recognition of the utility of computers for the police and its spread to the State Police Forces led to the creation of the Directorate of Coordination, Police Computers (DCPC). Both the Directorates are under the Ministry of Home Affairs for coordinating the development of these facilities in the States and also managing these facilities at the Centre. A Central Police Training College later redesignated as the Sardar Vallabhbhai Patel National Police Academy (SVP NPA) was created to train officers of the Indian Police Service and other police officers both from the States and the Centre. As the premier police training institution it now organises many courses

and undertakes various studies of police interest. This Academy also works under the Ministry of Home Affairs.

#### *Present Position*

58.6. From the above review it can be seen that for the functions it is performing the Centre has created several agencies. Research and Development is attended to by the Bureau of Police Research and Development and the Institute of Criminology and Forensic Science. The Centre has set up the Sardar Vallabhbhai Patel National Police Academy for training of Indian Police Service and other senior police officers, three Central Detective Training Schools under the BPR & D for training of subordinate police officers from the States and the ICFS for conducting several short term courses for police officers and forensic experts. Other Central Police Organisations like the Intelligence Bureau, the Central Bureau of Investigation, the Border Security Force (BSF) and the Central Reserve Police Force (CRPF) also conduct training courses for the general career development of officers from the State Police Organisations apart from conducting internal courses for the own staff. The C.B.I. through its Central Finger Print Bureau trains finger print experts. The BPR & D trains document experts through its three Government Examiners of Questioned Documents. The Directorates of Coordination, Police Wireless and Police Computers train police and technical personnel in their respective fields. Coordination between the Centre and the States, as also between the States, is looked after either directly by the Ministry of Home Affairs or through one of its agencies like the I.B., the C.B.I., the BPR & D, DCPW and the DCPC. Agencies in the Centre, particularly the BPR & D, publish several periodicals of professional interest to police officers and forensic scientists. The Centre has several para-military and armed police organisations to give aid to civil power in emergent situations. Sometimes, armed police units from one State are deployed in another through the Centre. Where necessary, the I.B. and the C.B.I. share intelligence available with them with their counterparts in the States. The Indian Police

Service is recruited through the Union Public Service Commission and appointed and managed directly by the Ministry of Home Affairs. Almost all the States have well equipped Forensic Science Laboratories and when they have additional requirements or need specialised opinion, four Central Forensic Science Laboratories and several other institutions in the fields of Forensic Science and Forensic Medicine provide them. The Centre provides financial assistance to the States for the modernisation of their police forces and welfare of its police personnel. In the decade 1969-79 the Centre disbursed Rupees Fifty Crores as grants-cum-loans. For the funds that the Central Government has been providing through the Ministry of Home Affairs to the various States some monitoring is done through *ad hoc* committees. These committees are often hastily formed and sometimes do not even go to the field to assess the actual utilisation of the funds provided. Through the provision of these grants and loans the Centre is in a position to ensure healthy development of the State Police Organisation. What is lacking, however, is a central agency which could advise the Ministry of Home Affairs on the quantum of financial assistance that should be made available to each State and then monitor the utilisation of this assistance. While ideally, efficiency in utilisation of any funds should be rewarded central aid cannot wholly be related to such performance as the objective to bring all State Police Forces to a reasonable level of modernisation and efficiency is pre-eminent. Central grants, therefore, should be based on both the need for it by a State as well as its capacity and inclination to utilise it properly. Another problem at present is the absence of an agency which can perform the role of the National Crime Records Bureau keeping up-to-date data on crimes and criminals and providing and up-dating this information on the basis of constant communication with the States. At present a part of these duties is performed by the CBI and another by the BPR & D. We have already, to fulfil this void, recommended the creation of a National

Crime Records Bureau in Chapter XVII of our Second Report. We consider the creation and maintenance of this Bureau an important responsibility of the Centre.

#### *Need to Streamline*

58.7 We feel that there is need to streamline the existing system by re-allocating a few units from the I.B. and the CBI to the Bureau of Police Research and Development and strengthening it to perform the duties of research and development, to render scientific aids, to coordinate police training and matters of a general nature calling for advice or information. So far as other organisations, which are of a technical or academic in nature are concerned, they should be allowed to develop to their full potential. The Institute of Criminology and Forensic Science should be allowed to develop as an institute of higher learning in the fields of criminology and forensic science. The Directorate of Coordination, Police Wireless be developed as a specialised agency for the purpose of meeting the special requirements of police communication. The Directorate of Coordination, Police Computers should grow into a National Crime Records Bureau for the purposes explained by us in our Second Report by adding certain units of the CBI and the BPR & D to it. To advise the Central Government and the State Governments on all matters relating to the Police Organisation and the reform of police as a whole, advise the Centre on the quantum of grants and loans to be given to State Police Force for their modernisation and development, and advise the State Security Commissions on matters relating to budgetary allotments to the police should be created a Central Police Committee. The Indian Police Service has been dealt with by us in Chapters XLIV and XLV of our Sixth Report and on the basic charter of duties of the IB, CBI, BSF and CRPF we have no comments to offer in the context of this chapter.

*The Bureau of Police Research and Development (BPR & D)*

58.8 We are of the view that the BPR & D should perform the following functions:

(1) *Coordination* - At present various central organisations are conducting conferences and meetings to coordinate the activities of the various State Police Forces. Notable amongst these are the IsGP Conference and the DIsG CID Conference convened by the IB and the DIsG Anti-Corruption Conference convened by the CBI. While we realise that the IB does need to convene a conference of the IsGP and the DIsG CID to coordinate its activities with the State Police Forces in the matter of intelligence, it is also felt that matters relating to crime remain inadequately attended to in these conferences. This is particularly true of the DIsG CID Conference. Now-a-days, there are separate DIsG for Crime and Intelligence in most of the States. Similarly with proliferation of a large number of Central Police Organisations, the IB does not have enough of a role in matters relating to crime. These conferences, however, are essential as they represent the police point of view on matters of vital importance particularly those relating to prevention and detection of crime, police working and police morale. These forums should also act as a feedback for policies and programmes undertaken by the Central Government with regard to the police. There is need for an organisation which can not only organise conferences relating to crime but also pursue the implementation of their recommendations with both the Government of India and the State Governments. Though research and study on ground this organisation should also provide the background data for decision making by these conferences. We, therefore, feel that though the IB should continue to hold the IsGP Conference and the DIsG (Intelligence) Conference, and the CBI, the DIsG Anti-Corruption Conference, the BPR&D should also in continuation convene the IsGP Conference and the DIsG Crime Conference so that these conferences can discuss aspects of policing other than those relating to intelligence and anti-corruption work. With our recommendations to strengthen the BPR&D, we feel that the BPR&D could act

as a secretariat for these conferences by providing through study and research a framework for discussions in these conferences and then follow up the implementation of the recommendations made. The BPR&D convenes the All India Police Science Congress, the All India Forensic Science Conference, and the meetings of the Heads of Police Training Institutions. The BPR&D also manages several Standing Committees in specialised fields like Forensic Medicine, etc. The IB now conducts the Police Sports and Duty Meets which should also be transferred to the BPR&D as these do not relate to the IB's functions. We would latter be suggesting measures to strengthen the BPR&D. When the BPR&D is developed on those lines, it would be more effective in undertaking all these responsibilities.

(2) *Research and Development* - In a fast changing world, no organisation can survive without an in-built system for constant research and development which identifies the problems the organisation faces or is likely to face, works out a cost effective solution and implements it through a development wing. Such a system should also have facilities to be aware of the developments made in similar organisations elsewhere in the world or the progress made by other organisations in the country whose output could be adapted for one's own use. In a poor country like India and in a service oriented organisation like the police, an agency for Research and Development to bring about cost effectiveness and improve the performance of the police needs no emphasis. In this regard, research could be of two kinds, namely, research of an academic nature, which would add to the total knowledge of the organisation and operational research aimed at meeting a particular operational requirement. The former has necessarily to be confined to an institution of higher learning while the latter could be better attended to by field officers with a research bent on mind. We already have an Institute of Criminology and Forensic Science to conduct research of an academic nature in the fields of Criminology, Victimology and Forensic Science apart from conducting multi-disciplinary training courses for Police, Judicial and Correctional Services Officers and Forensic Scientists. Operational research is undertaken



primarily by the BPR&D at the Centre and by research cells in the State Police Organisations. The SVPNPA also conducts several studies every year. Some of the other Central Police Organisations also have small research cells to meet their operational requirements. We have, however, seen that there is a lot of avoidable duplication in the research projects undertaken by the various Central and State agencies which by itself may be a good thing but where the need is the optimum utilisation of scarce resources, it would be more cost effective if a coordinating authority could ensure that the research projects undertaken by the various State and Central units are integrated in such a manner that they go towards supplementing each other rather than acting as mere duplications. A lot of wastage of resources has been taking place in the research work because the research which has already been done, is not taken into account. The research work on various topics of police interest done anywhere in the world should be properly catalogued and indexed in a well appointed library in the BPR&D and wherever any police organisation takes on any research work, it should first consult the BPR&D. There is no point in doing research on subjects which have already been covered. New research on a subject should start where the old one left it. We feel that the BPR&D is in a position to do this if a Directorate of Police Research is created within its Research and Development division. In matters of operational research, we envisage a dynamic role for the BPR&D. The need for operational research to improve police performance cannot be over emphasised. In 1976-77, the total expenditure on police by all the States, Union Territories and the Central Police Organisations was Rs 83,246 lakh while expenditure on Police Research and Development was Rs 183.5 lakh. This meant that only 0.22% of the entire police budget was earmarked for research. The expenditure in U.K. in this regard was 8%. This illustrates the low priority given to research in India while our need for research to ensure optimum utilisation of scarce resources for better police performance needs no reiteration. One reason for starvation of funds to police R&D is that police expenditure itself is in the non-plan sector. There is need for bringing police research,

development and training in the plan-sector to improve police performance. We also feel that at least 0.5% of the police budget should be earmarked for Research and Development. To carry out meaningful research it is imperative that the research wing of the BPR&D is strengthened by selection of suitable police officers with special incentives and by induction of talent and expertise from different disciplines having relevance to the police. Again, the tendency for ad-hocism in the selection of research projects should be given up and research be undertaken on the basis of pre-determined goals and objectives which should be clearly spelt out. Within this framework there would be enough scope for fixing priorities for meeting immediate operational requirements. The BPR&D should also be given sufficient funds to farm out research projects to competent institutions where required. We also observe that even in the States adequate attention is not paid to research and most of the officers posted to these cells regard it as unrewarding if not a punishment. To give impetus to research at the State level, the Centre should finance Police Research Centres through the BPR&D to enable it to coordinate the various research projects undertaken by the State units. It is but natural that the work done by the research wing is immediately implemented by a development wing. As research and development are an integral part of modern organisation, it would only be appropriate if the same body is charged with the dual responsibility of research and development of the police in India. The Research and Development wings should together form an integrated division of the BPR&D. The development wing should pay greater attention to weaponry, particularly ammunition of a less lethal kind for mob control fleet management and police vehicles for various uses like mobile FSLs, flying squads, personnel carriers and petrol cars etc, training aids, investigation kit boxes and traffic control equipment. It should also identify sources for their manufacture. Their development should be given wide publicity. The development wing should also produce films for public display under the aegis of the Films Division and publish journals and periodicals of professional police interest.

(3) *Scientific Aids* - Almost all the major State

Police Organisations in the country have their own Forensic Science Laboratories (FSLs). There are three Central Forensic Science Laboratories at Chandigarh, Calcutta and Hyderabad, working under the BPR&D and one more Central Forensic Science Laboratory at Delhi working directly under the CBI. In addition, there are three Government Examiners of Questioned Documents (GEQDs) at Shimla, Calcutta and Hyderabad working under the BPR&D. The BPR&D in addition advises the Home Ministry on the disbursement of modernisation grants relating to Forensic Science Laboratories and also organises the biennial conferences of FSL chiefs apart from publishing journals on forensic science. At present, it can be seen that at the Centre, the Home Ministry, the CBI and the BPR&D all have a role to play in the development of Forensic Science Laboratories. In Chapter XXIV of our Third Report we have recommended the integration of these Central Forensic Science Laboratories and other facilities under the control of the BPR&D and the creation of a Central Forensic Science Service. It is, therefore, appropriate that all functions relating to forensic science be placed under the BPR&D under a Chief Forensic Scientist who could also be the Director of Coordination, Forensic Science, as proposed by the Sampat Committee on the Modernisation of Law Enforcement to which we have referred in Chapter XXIV. However, in matters relating to provision of Central grants to State FSLs and their monitoring, the Chief Forensic Scientist should act as the expert adviser to the agency to be proposed by us later.

(4) *Training* - At the Central level, training is being attended to by the BPR&D through its Directorate of Training headed by an Inspector General. This Directorate looks after the three Central Detective Training Schools at Calcutta, Chandigarh and Hyderabad and also advises the Government on Police training and selection of officers. The SVP NPA Hyderabad directly functions under the Home Ministry and so does the Institute of Criminology and Forensic Science at Delhi. Both of them have courses for field police officers. As stated earlier the I.B., C.B.I., and other Central Police Organisations also conduct training courses for police officers and

these contribute substantially to their career development. Apart from these, even the armed units of the Central Police Organisations have their own training institutions like the Internal Security Academy at Mt. Abu being run by the Central Reserve Police Force which runs useful courses for police and other officers. The Border Security Force, apart from their Academy at Tekanpur run an equally valuable Central School of Weapons and Tactics at Indore. Leaving aside the training courses run by these various Central training institutions to meet their own operational requirements and the need to train their own personnel, we still find a large number of courses run by these institutions and organisations which are of general interest to police officers from all parts of the country. Consequently, a perusal of the present position would show that several agencies are managing a large number of training institutions all over the country with nominal control from the Home Ministry. All of them are conducting several useful training programmes. Training is regarded as a part of the police modernisation scheme and the Central Government is making grants available for the development of police training institutions under its modernisation scheme. Police officers also attend training programmes in non-police organisations as part of their career development. Training is now assuming greater importance with the recognition of the fact that better training of the police would ensure better policing in the country. In view of the new emphasis and to eliminate a large number of agencies attending to police training, it is only logical that a police coordinating authority should attend directly to training of police officers. It is, therefore, proposed that the activities of all the Central Police Training Institutions in matters of courses of general interest to the police be coordinated by the BPR&D without in any manner impinging on their authority. This could be done by the training division of the BPR&D approving the various kinds of training courses to be undertaken or imparted by the various agencies approving their syllabi and identifying the category of officers who could benefit from them and selecting personnel for the same in consultation with the concerned agencies. This could be done without

encroaching on the administrative independence of these institutions except in an advisory capacity when required to do so by the Government. The Training Directorate could also ensure that there is no avoidable duplication of training curriculum of various Central Police Training Institutions and also that officers from all parts of the country benefit from the training courses available in police and non-police organisations both within and outside the country.

(5) *Rendering Advice* - There is no agency in the Centre which could acquaint the Central Government and the Law Commission of the police point of view in the enactment of Criminal laws. The police are beset with practical difficulties in law enforcement. Very often they get into the picture only after the law is placed on the statute book and they have merely to start enforcing it. When practical difficulties crop up later, they have to move for suitable amendments to the law and these take several years. Apart from this, at the State level the IGP is the Police Adviser to the State Government but in the Centre there is no such clearly recognised adviser. Therefore, in any police matter where the Central Government requires professional police advice it is at a loss to decide which authority to consult. We feel that this responsibility be also given to the BPR&D. For this purpose, a Central Information Unit or Data Bank be created in the BPR&D. This should specialise in problems of police organisation and in legal matters. Apart from giving advice to the Central Government this would give information and advice to the State Police Organisations who often are, when they seek to introduce any change in their organisation or attempt an improvement in a particular wing of it, handicapped by lack of information on the changes contemplated by them because a relevant point which often arises is whether any other State Police Organisation has introduced those changes. State Police Chiefs feel that a central agency should be in a position to provide them with information on the profile of the Police Organisations of various States. The BPR&D is even now expected to provide this data but is not in a position to do so because of lack of staff and information. The Central Information Unit or Data Bank could either be a part of the Research

and Development division or made into an independent division depending upon the volume of work it would handle. We feel that if the BPR&D is reorganised on the above lines and staffed adequately with officers of appropriate status and experience, it would play an important role in the proper development of the police forces in the country.

*The Institute of Criminology and Forensic Science (ICFS)*

58.9 We feel that the ICFS is the only institution in the country which can take up research projects of an academic nature of general interest to the police department and other wings of the Criminal Justice System. It has, however, not been developed to its full potential. Early in 1969 the University Grants Commission constituted a sub-committee to report on the teaching of Criminology and Forensic Science in the Indian Universities. The sub-committee recommended that:

- (1) The Indian Universities be encouraged to introduce under-graduate courses in Criminology and Forensic Science;
- (2) A Central Institute of Criminology and Forensic Science be established at Delhi to be followed by a similar institute in the south for conferring Masters' and Doctoral Degrees in these branches by being affiliated to one of the universities in Delhi, preferably the Jawahar Lal Nehru University; and
- (3) Necessary job potential for people qualified in Criminology and Forensic Science be created.

On the basis of these suggestions, in 1969 the Government thought in terms of creating an Institute of Criminology and Forensic Science with the following functions:

- (1) Research in problems of crime and criminals;
- (2) Running regular post-graduate courses leading to Master's degree in Criminology and Forensic Science; and
- (3) Organising short-term diploma courses for persons with field experience.

However, on further consideration, doubts were raised whether these post-graduates would have any employment potential in this country and after much discussion when in 1973 the ICFS finally came into being, the objectives of having an autonomous status for granting Masters' degrees never came to materialise. It was felt that the institute to be created should only cater to the requirements of in-service officers by organising short-term training courses. With hind-sight the apprehension of lack of potential for Criminologists and Forensic Scientists in the country appears to be misplaced. Today, with an increasing emphasis on modern methods of investigation, it is being realised that we require a large body of Forensic Scientists all over the country. There is no likelihood of there being any greater unemployment in this discipline as compared to others. Also, the potential for employment of Forensic Scientists and Criminologists in the various law enforcement and correctional services is gaining importance. In 1973, the Committee on Police Training after reviewing the working of the ICFS felt that it had the potential to expand its curriculum. At present, the ICFS is running training courses, for officers from the judiciary, correctional services and the police and is doing research in the areas of correctional services, criminology, victimology and forensic science. In addition, it is an advanced institute where research scholars work for obtaining Ph.D. from various Indian Universities.

58.10 We have identified the potential of the ICFS to take up academic research, train persons from all branches of the Criminal Justice System by multi-disciplinary courses and granting degrees by developing into an autonomous institution. We recommend that this potential be fully developed and all academic research projects in the fields of Criminology, Victimology and Forensic Science be taken up by it. In our Third Report in Chapter XXIV we have already recommended that forensic scientists of the Central Forensic Science Service should man the Forensic Science Wing of the ICFS. This would ensure interchange of the forensic scientists between the CFSs and ICFS and keep the scientists in the ICFS abreast with the requirements in the field. We also feel that the CFSs

and FSLs be primarily developed to attend to the requirements in the field while the Forensic Science Laboratory in the ICFS be developed with the latest equipment and other facilities to undertake original research and attend to highly intricate cases beyond the capacity of the CFSs and State FSLs. Central location of sophisticated equipment having limited application would ensure their optimal use. This recommendation we feel would go a long way in ensuring that the Indian Police have access to the latest technology in Forensic Science without this being inordinately expensive.

#### *Directorate of Coordination Police Wireless (DCPW)*

58.11 Coordination of the Inter-State Police Wireless grid, management of the Central Police Wireless facilities as also monitoring the modernisation of the police wireless in the country is being done by the Directorate of Coordination, Police Wireless. The Directorate of Coordination, Police Wireless by itself does vital work in coordinating the Inter-State Police Wireless grid and assists the Ministry of Home Affairs in its modernisation plans for police wireless and its development in the States. It is, however, seen that there is sometimes a lop-sided growth of the police communication net work in comparison to the overall police infrastructural growth as for instance in Tamil Nadu where multi-channel facilities exist between the State Headquarters and the Districts but the State Police do not have the resources for their optimum utilisation as computer and other facilities have not been compatibly developed. There is need therefore to coordinate the growth of Police Wireless in the overall growth of the police without transgressing upon the technical independence of the Directorate of Coordination, Police Wireless. For this purpose we feel that the Directorate of Coordination, Police Wireless should be allowed to continue as at present for the purposes of managing the Central Police Wireless facilities and the Inter-State Police Wireless grid but in matters of allocation of Central grants to the State Police Wireless units and their monitoring, it should act as an expert body for advice to the new

agency proposed by us later. We also anticipate that Police Wireless is likely to develop as a highly specialised subject and would emphasise that necessary talent be developed within the State and Central Police Wireless Organisations so that technical officers of requisite expertise and experience are available to man the DCPW at all levels.

#### *The National Crime Records Bureau*

58.12 There is in the Centre a Directorate of Coordination Police Computers headed by a DIG which attends to the following tasks:

- (1) Operational control of the National Police Computer;
- (2) Training of personnel from various State and Central police forces;
- (3) Coordinating and monitoring the computerisation programmes of the State and Central Police Forces; and
- (4) Identifying areas of application of the computer in police working.

Computers are going to play an increasingly important role in police operations in the foreseeable future and would have to be integrated as part of the overall growth of the police as has been emphasised in Chapter XXIV of our Third Report. We, however, feel that limiting the DCPC to its present role would not help in the overall growth and development of the operational efficiency of the police. In Chapter XVII of our Second Report we have given detailed guidelines for setting up a National Crime Records Bureau with a national hook-up of computers through dedicated telecommunication links and the State police computers having input and output facilities at the State, District and Police Station levels. In Chapter XXIV of our Third Report while dealing with Modernisation of the Police we have recommended the spread of Police Computers and provision of multi-channel wireless facilities for the police to ensure this objective. We anticipate that at a future date this spread of computers and telecommunication aids would not only ensure storage and instant retrieval of data relating to crime and criminals and finger prints but could also be utilised for storage of information regarding registration of all motor vehicles and

drivers, crime statistics, personnel information system for objective career planning of police officers and a Name person Index system for instant character verification where required. The availability of output and input channels at district levels initially and down at Police Station levels later on would greatly enhance police efficiency. For this purpose in Chapter XVII of our Second Report we have recommended the integration of the DCPC with a Central Crime Records Office, the Central Finger Print Bureau and the Interpol Division of the CBI. It should also collect, collate and disseminate all Crime Statistics now partly looked after by the BPR&D. We feel that the DCPC should be developed towards that end so that we have in the near future a National Crime Records Bureau as envisaged by us earlier.

58.13 There is at present a Crime Records Office in the Central Bureau of Investigation which primarily collects data about criminals who are of interest to the Central Bureau of Investigation. It cannot be considered a Central Crime Records Office for the purposes of our National Crime Records Bureau. The Central Bureau of Investigation in its capacity as the National Central Bureau in the activities of the Interpol also collects, collates and disseminates data relating to international criminals. We have already recommended its transfer to the National Crime Records Bureau. The Central Bureau of Investigation also has a Central Finger Print Bureau which records finger prints of habitual criminals from all the States and also trains Finger Print Experts. We have already recommended that this should also be transferred to the National Crime Records Bureau. Similarly, the Statistical Division of the BPR&D should be transferred to the National Crime Records Bureau. We would here suggest that an immediate beginning be made by integrating the Interpol Division and the Central Finger Print Bureau of the Central Bureau of Investigation and the Statistical Division of the BPR&D with the DCPC and forming a National Crime Records Bureau. The Centre should start a Central Crime Records Office and urge the States to take similar steps and collect records on the lines suggested by us in our Second Report. Once the Police Wireless and Computer network

developers, the infrastructure would be readily available to help in making the National Crime Records Bureau truly effective.

### *The Central Police Committee*

58.14 The above measures, we feel, would adequately look after the requirements of Research and Development, Training, Scientific, Aids and most of the coordination problems including the National Crime Records Bureau. We have in para 7 referred to a Central Police Committee to look after the functions of consultancy and monitoring because an expert agency is required by the Central Government and the State Security Commissions to advise them on:

- (1) Matters relating to police organisation and police reforms of a general nature;
- (2) Matters relating to central grants and loans to the State Police Forces for their modernisation and development; and
- (3) Matters relating to Budgetary allotments to State Police Forces.

The Central Police Committee will continuously monitor the use and impact of every type of assistance provided by the Centre to the States. For biennial assessment of the extent and quality of modernisation effected in the States and to project the future requirements of the latter, we have already, in para 24.6 of our Third Report, recommended the formation of a Central Team. The reports of this team will be made to the Central Police Committee. But as the Central Police Committee would be required to keep tab on all aids given by the Centre, it would, if it so feels necessary, order a review at any stage if it finds that the biennial review by the Central Team would delay assessment. The second aspect of monitoring by the Central Police Committee would be evaluation of performance of the States' Police. The Committee would make an overall assessment or evaluation of the state of policing in the country and provide the necessary expertise to help the State Security Commissions to evaluate the performance of the police under them, if so required by them. We visualise that the State Security Commissions would have before them the report of the Chief of the State Police. They would also have before them the report of a

general evaluation made by the Central Police Committee. They may however still require the services of another independent agency working at their behest to make a detailed performance appraisal or evaluation of their police organisation. They could either appoint this directly or take advantage of the expertise available with the Central Police Committee. The norms of this evaluation have been explained and spelt out by us in the Chapter relating to Accountability of Police Performance in this report.

(2) *Constitution of the Committee* - Having identified the functions of the Committee and having shown that there is need to make this an adequately high standing committee independent of the Government we feel that the constitution of the Committee should be on the same lines as recommended by us with regard to the State Security Commissions. The Secretary of the Committee should be a senior police officer of appropriate status. The secretariat of the Committee should consist of four wings:

- (1) Consultancy : A police organisation cell and a conference cell.
- (2) Monitoring : A Central team as envisaged in para 24.6 of our Third Report will biennially monitor the utilisation of grants earmarked for modernisation and welfare of the State Police Forces. It should in its task be able to associate such experts as may be required. If, however, the Committee finds the biennial review by the Central Team may delay assessment, it could order review at any stage it feels necessary.
- (3) Evaluation : Teams of senior officers which could, when asked, go to various States to evaluate the performance of the State Police Forces and submit their assessments to the State Security Commissions. They would also give their comments on the scope for budgetary allotments to the State Police Forces to keep them on par with the national standards. This wing would also make a general assessment of policing in the country.
- (4) All-India Police Institute

(3) *All India Police Institute* - We also came across a proposal for the creation of an All-India Police Institute at Delhi on the lines of similar professional institutes existing for Engineers, Chartered Accountants and other professionals. It would act as an effective forum for exchange of ideas and views of police officers from various States apart from providing accommodation to visiting police officers and promoting *esprit de corps* among them. The proposal had only minimal financial implications and though it was accepted in principle by the Ministry of Home Affairs in 1974 it has been lying dormant on account of the Ministry of Works and Housing's failure to provide suitable accommodation. We feel that the idea is basically sound and should be implemented and that the Institute when established should be kept under the proposed Central Police Committee.

58.15 The role envisaged for the Centre in matters relating to the police as spelt out by us in

this Chapter requires streamlining and reallocating of a few units in the existing set up and the creation of a Central Police Committee. The financial implications, therefore, are very limited. However, we feel that the implementation of the recommendations would greatly improve the performance of the police and, taking advantage of developments all over the world, orient it towards scientific investigation; and assist greatly in putting training and other vital matters on a proper course to help the police perform for the greater satisfaction of the people. The creation of these facilities at the Centre, we hope, would also keep the Union Government better informed about the requirements of the police all over the country and the development of various law and order problems having national ramifications, enabling it to fulfil its obligations towards maintaining internal order by timely advice and aid to the States.

## EIGHTH AND CONCLUDING REPORT

### CHAPTER LXI

#### ACCOUNTABILITY OF POLICE PERFORMANCE

61.1. Our experience in the preceding three decades after Independence has shown that a Constitutional system of Government based on democratic principles cannot function without the support of an effective, efficient and accountable administration. Constitutionally, the political executive i.e., the Minister has been made accountable for the performance of the bureaucratic executives under him. We feel that such undiluted ministerial responsibility is not in the interest of either administrative efficiency or the people sought to be served by the administration in the present conditions. Responsibility of the political executive or the Cabinet in the Assembly is too broad to afford relief to the people who have no access to the channels of power. It is, therefore, essential that the accountability of the bureaucratic executive at the various levels be defined and a degree of immediate proximity to the people introduced. The concept of anonymity of the bureaucratic executive cannot wish away the necessity for fixing his accountability for the

performance of his duties. While the above is true for the entire administrative machinery, it has an extra significance for the police organisation, which is entrusted with the task of preservation of the basic order in society which is essential for the stability of a Constitutional Government. Unlike the other executive wings of the Government, the police has maximum visibility. Visibility by itself waters down anonymity. The accountability of the police has to be viewed in this light.

61.2. Accountability means answerability for the proper performance of the assigned task. It means more than mere responsibility to discharge the duties involved in a job and includes that the discharge of duties shall be to the satisfaction of the party for whose benefit the duties are being discharged. Therefore, accountability presupposes two parties, one under obligation to render account for the proper performance of the task assigned and the other having a right to ask for and receive such an account. While the party who renders account has perforce to be unitary,

the party which has the right to ask for and receive the account may be multiple. It may be within the organisation or outside.

61.3. It is, therefore, essential that the departmental functionaries should know clearly the source of authority to which they have to account for their performance. A clear understanding of the concept would indicate to them their various roles and functions, the level of expectations and the limits and constraints within which they have to function. A similar understanding is essential on the part of the source of authority to which the police is accountable. Lack of understanding by either side will result in misplaced goals and objectives and consequent displacement of accountability.

61.4. This leads us naturally to the next issue as to whom the police is accountable. In a democratic society, each department of the Government including the police is ultimately accountable for its performance to the people. However, direct accountability to the people in a society like ours may prove difficult. It has, therefore, been constitutionally laid that the public service is accountable to the elected representatives of the people at the forums of Parliament and State Legislatures through the Minister/Ministers concerned. We have already stated that in the modern world ministerial responsibility of this kind waters down the administrative efficiency and fails to provide the necessary satisfaction to the people. It has become urgent and essential to devise new mechanisms of accountability to ensure a certain amount of direct responsibility to the people at the various levels of administration.

61.5. While the ultimate accountability is to the people, the police have a proximate accountability to the law of the land, which in essence is the expression of its will. As the prime law enforcing agency, the activities of the police not only centre around the enforcement of various laws, but their free functioning is also governed by the process of laws. The action of the police is, therefore, confined to the laws of the land while enforcing the same. Every stage of their activity is given, governed and judged by provisions of law. In this area of accountability to the law of the land the police activities come under very

close scrutiny of the judiciary. In other words, the accountability to the law is ensured by judicial review at several stages.

61.6. Apart from the above two sources of authority to which the police is accountable, they have a direct accountability to the organisation. This accountability is ensured under the various regulations and departmental procedures apart from the inspections and periodical review of administration.

61.7. We have spelt out in the preceding paragraphs the three-fold accountability of the police i.e. to the people, to the law and to the organisation. We would emphasise that the concept is in fact inter-related and ultimately points to one and the same principle. The laws are the collective will of the people expressed through various legislative bodies and put into a formal shape. The department functionaries are bound to act according to the laws as enacted. Finally, it is the people who have created and authorised the supervisory hierarchy of the department to control and direct the functionaries at police station and other levels so that the latter discharge their statutory duties in accordance with the procedures established by law.

#### **Accountability to the People**

61.8. As stated earlier, at present the concept of total anonymity of the bureaucratic executive and undiluted ministerial responsibility to the people has resulted in distortions affecting police efficiency and citizen-satisfaction. Unfortunately, therefore, the concept of ministerial responsibility has given the wrong impression to the political executive that they are authorised to guide and intervene in all functions of the police in all areas regardless of such guidance or intervention being in accordance with or in contravention of the law of the land. We have brought into clear focus in our earlier reports the harm this has done to the people. We wish to emphasise that it is ultimately the people whose agents the police functionaries are and to whom they are ultimately accountable. Realisation of this concept in our opinion is of vital importance. We, however, find that the process of the police



accountability to the people has suffered considerable distortion in the recent past. Various pressure and elite groups have come to develop in society having infinite expectations from all Government departments including the police and seeking favours to the exclusion of legality and fair play. These are members of State and Central Legislatures, the local bodies, important functionaries of political parties, particularly the ruling ones, representatives of the local, yellow press, other important persons of the locality and Government servants holding important positions, who have tended to divert the police accountability from the people to themselves. Police functionaries, therefore, also have tended to shift their priorities on to these pressure groups. This has had obvious effect on the attitude of the common people themselves, who feel that the public services including the police service are meant only to serve the elitist groups and in case they wish to avail of any public service, they have to purchase it through illegal gratification or secure it through exercise of pressures from power-wielding sections of the society.

61.9. Another distortion noticed by us is preferential attention of the police to the urban areas at the cost of the rural areas. Since the urban population is more vocal and more demanding, the public services have tended to neglect the rural population. We understand, in several States, departmental instructions provide compulsory stay of district level officers in the rural areas for at least 90 days every year. We notice that these instructions are seldom complied with. Police functionaries of and above the level of Dy. Superintendent of Police/SDPO, therefore, do not come into contact with the rural population as frequently as they should. The rural areas are neglected except for completing the rituals of supervision and inspection. Therefore, the police officials appear to be out of touch with the problems and difficulties facing the vast majority of the people, residing in the villages. In this context, we would strongly recommend strict compliance of the existing instructions and would emphasise that officers of the level of SDPO and SP must reside in the rural areas for at least 90 days in a year. Such stays would help them to come in close contact with the common people,

know their problems in full and seek their cooperation in various police activities. It will also provide opportunity to police officers to meet representative sections of society and discuss various problems facing the people at large.

61.10. The assessment of the police performance has two facets - the first facet consists of the examination of records during inspections, which constitutes the visible part of accountability as prescribed. More important is the invisible part which can be gathered only by interaction with the people by the inspecting officers. This interaction will enable them to assess the actual qualitative performance of policing, its impact in that area on citizens and the feeling of security. It is, therefore, essential that officers should not make such inspections a routine drill but introduce such fraternisation as is deemed fit so that the interaction with the public will enable them to elicit the maximum possible information about the views of the people in regard to the functioning of the officials in the area.

61.11. At present the Annual Administration Reports of the State Police are compiled on the basis of statistics and information collected from the various levels in the organisation. This report attempts to present a picture of the standard of policing within the State during a specific period, usually a calendar year, but generally it bases its conclusions on the basis of the statistics, emanating from the police stations. The report is submitted to the State Government who review it and along with its conclusions present it to the Assembly for discussion. In actual practice, in most States there is a considerable time lag between the date of submission of the report before the Houses and the period to which it relates.

61.12. We have recommended in our Second Report that the evaluation of performance of the State Police would be one of the tasks assigned to the State Security Commission. The aforesaid Annual Administration Report of the State Police will naturally be an important document to aid the State Security Commission in the evaluation of the performance of State Police. But we feel that this document is not enough for an objective assessment. It is based on the statistics, which, as we have more than once observed in our

previous reports, are unreliable on account of the fact that there is considerable burking of crime. Further, the Annual Administration Reports generally project only a quantitative assessment. It is not possible to have an accurate idea of the qualitative satisfaction of people from such reports. We, therefore, recommend that the State Security Commission be also provided an independent Cell to evaluate police performance, both in quantitative and qualitative terms. This Cell should not be a part of the police and may include experts from other disciplines according to requirements. In addition to the two reports mentioned above, the State Security Commission would also be receiving an assessment report, though not so detailed, regarding the state of policing from the Central Police Committee recommended by us in our Seventh Report\*. In our view, these three reports, each emanating from different channels, should provide a reliable base to enable the State Security Commission to assess the police performance objectively and with an amount of certainty, enough to inspire public satisfaction. The State Security Commission will thus be adequately equipped to prepare its own assessment of the performance of the State police, to be placed before the State Legislature.

61.13. The preparation of the final report, to be put up before the Legislature by the State Security Commission itself will lend the report greater acceptability. The Commission will consist of not merely the Home Minister but Members of known integrity and impartiality drawn from various cross-sections of society who would have no temptation not to call a spade a spade. At the same time, the system suggested by us will bring to the notice of the Home Minister a more reliable and more detailed picture of the State policing and will thus enable him to take the necessary corrective steps thereby helping him to discharge his responsibilities as a Home Minister in a much better manner.

61.14. We would have liked the accountability of the police to the people to be made more direct and visible by vesting the power in the people to ensure accountability directly to the people themselves. But in a representative democracy like ours we are aware that ensuring such a direct accountability, though desirable, is beset with various difficulties. We are, however, convinced that it is not impossible to introduce a near-direct accountability of the police to the people whom they serve. This does exist in a way even today. The Superintendent of Police of a district and the Range DIG get regular feed-back from the people and the press. This enables them to assess the performance of the officers at the Station House and other operational levels.

61.15. What we desire is to create the awareness of direct accountability to the people at the various levels in the police hierarchy. In other words, this awareness of accountability to people should not only permeate the system but the officers individually as well as in groups should be sensitized to the idea of the importance of accountability to the people. We have stressed this aspect in our Chapter on 'Training of Police Personnel' also.

61.16. Inspections are instrumentalities in introduction of direct accountability to people. Officers, therefore, have to take inspections seriously and make them more meaningful by conscious and constant interaction with the people. They should not hesitate to meet the people and the press, nay, they should seek out people during their inspections to get the necessary feed-back to assess the functioning of operational level policing. This should be both at the district and at the Station House level. During the inspections, the Inspecting Officers should call meetings of the cross-sections of the people and discuss their problems with them. At the district level they should hold meetings not only with the cross-sections of the people but with the representatives of the people at the Municipal, Zila Parishad levels and with the MLAs and MPs of the constituency.

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\*The relevant recommendations from the Seventh Report are given at the end of this Report.

61.17. During inspections the inspecting officers should devote special care to scrutinise and review the overall pattern of complaints that are received. If a complaint of a particular kind is repeated or frequent complaints are noticed from a particular area, the Inspecting Officer should investigate into the causes. Selective inspection should be carried out so that the complaints as well as the reasons therefor could be ascertained in detail.

61.18. We would like to lay emphasis on the point that officers at the level of Superintendent of Police and above should be required to watch the reputation of Station House Officers. Responsibility in this regard must be squarely fixed on them and any failure on their part in this regard should be viewed seriously. However, there may be circumstances where the supervisory ranks may either fail to assess the reputation of the SHO or fail to take appropriate action even after a case of bad reputation has come to their notice. In such circumstances, the people have a right to petition to the State Security Commission. In such cases the State Security Commission should cause appropriate enquiries to be made to gauge the reputation of the SHO concerned and take such action thereafter as may be required.

61.19. We have in our earlier Chapters expressed the hope that the future police station will not merely be a point of crime control and prevention but will develop into a service centre. At present, people hesitate to go near police stations but with the introduction of training we have recommended for the police personnel, and the quality of recruitment we have envisaged and the constant sensitising of the police personnel to the problems of the people by the superior officers, it should be possible to convert the police stations into 'service centres' for people with problems.

61.20. When the Range DIG or the Supdt. of Police of the district feels that a particular station house or operational level policing is not giving the necessary satisfaction to the people, he should go into the causes in depth and try to remove the same. If the attitude of a particular Station House Officer or his methods of functioning are not in the interests of the people of the locality, the higher officers should not hesitate to shift the

officer from that particular area and to take such corrective or disciplinary action against him to mend his attitude and behaviour.

#### Accountability to Law

61.21. The principal criminal laws in the country are the Indian Penal Code and the Criminal Procedure Code. There are also some special/local laws making certain acts penal offences. The Police Act which is one of the special laws spells out powers, functions and duties of the police.

61.22. The Police Organisation is subject to the superintendence of the State Government. We have analysed the nature of this superintendence in our Second Report in paragraphs 15.36 to 15.42. We have explicitly mentioned therein that 'the investigative tasks of the police are beyond any kind of intervention by the executive or non-executive.' Therefore, so far as the police-activities pertaining to investigation of offences are concerned, they have professional independence whereby they are to be entirely governed by the provisions of law. No authority except the supervisory ranks of the police themselves are authorised to issue an executive order to the police official to investigate or not to investigate a criminal offence, arrest or not to arrest an alleged offender or decide a case under investigation in a particular way. Any executive instructions issued in this regard would be contrary to the law. With regard to preventive tasks and service oriented functions, we have said that 'in the performance of preventive tasks and service-oriented functions, police should be subject to overall guidance from the Government which should lay down broad policies for adoption in different situations from time to time. There should, however, be no instructions in regard to actual operations in the field. The discretion of the police officer to deal with the situation within the four corners of the overall guidance and broad policies should be unfettered.'

61.23. The police accountability, therefore, is to the law as established by the people in all areas of law enforcement. In the area of investigation they are exclusively governed by the laws, both substantive and procedural. They are not subject to the directions of any authority not recognised by the law. In other areas of law enforcement, the police accountability continues to be to the law as enacted. In the latter areas, however, their functions are subject to such broad policies as may be laid-down under the law by the recognised authorities. Even here the broad policies can be laid-down only under the law and not beyond or against it.

61.24. Although the laws are ultimately the wishes of the people themselves, neither the people nor the elected representatives have any authority to intervene or interfere in the activities of the police in the discharge of the duties under the laws once enacted, though the people through elected representatives may amend the law if they deem so necessary.

61.25. The above-mentioned factors are essential for ensuring police accountability to law; but we observe that there has been a continuous erosion by undue interference in the exercise of the discretionary authority and statutory duties of the police. Extraneous interference is damaging the police accountability to law. In this context Professor David H. Bayley expressing his views on the subject has observed:

'In India today a dual system of criminal justice has grown up - the one of law, the other of politics. With respect at least to the police, decisions made by the police officials about the application of law are frequently subject to partisan review or direction by elected representatives. This autonomy of police officials in specific and routine applications of law has been severely curtailed. This is not only true of law and order situations. People accused of crimes have grown into the habit of appealing to political figures for remission from the sanctions of law. Police Officers throughout India have grown accustomed to calculating the likely political effect of any enforcement action they contemplate. Fearing for their careers and especially their postings, they have become anxious and cynical.... But everywhere officers

expect to be held personally accountable by politicians even more than by superior officers for enforcement actions taken in the course of duty.'

He has further observed -

'Altogether, then, the rule of law in modern India, the frame upon which justice hangs, has been undermined by the rule of politics. Supervision, in the name of democracy has eroded the foundations upon which impartiality depends in a criminal justice system.'

The findings of Prof. Bayley support our own observations of the situation in the country.

61.26. While police functionaries have been accorded wide powers under the law, many of them affecting the freedom and liberty of an individual, provision has also been made for strict scrutiny by the courts over the manner in which the police exercises these powers. Almost all preventive and investigative activities of the police are subject to scrutiny by law and adverse observations by courts on police conduct call for a mandatory enquiry attended with follow-up action. At the same time any member of public who feels that the police in a particular situation has acted contrary to the law, can move the courts for redress. In order to secure fuller accountability of the police to the laws, we have already recommended in our First Report, mandatory judicial inquiry into certain categories of police 'misbehaviour' through a District Inquiry Authority. We have in the same report also recommended creation of a Complaint Cell under the District Superintendent of Police and Special Cells under the Range Deputy Inspector General of Police and Inspector General of Police to handle complaints against the police personnel.

61.27. On occasions, however, it is seen that false and frivolous complaints are made against police officers before criminal courts, to embarrass and demoralise them so that they desist from taking stern action against an offending party. Sometimes such complaints are got filed through third parties by influential persons who have a grouse against the police but do not themselves want to come out in the open. They only make funds available and exercise their influence to create and produce evidence. Law takes notice of such

vexatious prosecutions and has provided protection to police officers, as also to other Government servants, for acts done or purported to be done in the discharge of their official duties.

61.28. Section 132 of Cr.P.C. 1973 gives protection to members of the armed forces of the Union, executive magistrates and police officers against prosecution for acts done under section 129, section 130 and section 131 Cr.P.C., which relate to dispersal of unlawful assembly by use of force, etc. According to sub-section 1 of section 132, no prosecution can be launched against a police official except with the sanction of the State Government. Section 132(2) provides that police officials acting under good faith in connection with dispersal of unlawful assembly would be deemed to have thereby committed no offence.

61.29. Section 197 of the Cr.P.C. provides protection to judges, magistrates and all public servants not removable from their office except by or with the sanction of the Government. Thus no court is authorised to take cognizance of an offence against a public servant, if the alleged offending act has been committed while acting or purporting to act in the discharge of duties, except with the previous sanction of the State Government. Sub-section 3 of section 197 empowers the State Government to make any class or category of members of the force charged with the maintenance of order immune from prosecution except with the previous sanction of the State Government.

61.30. The difference between the provisions of the above two sections are firstly that while section 132 Cr.P.C. gives protection to police officers of all ranks, section 197 Cr.P.C. generally covers only the officers who are not removable from their office save by or with the sanction of the appropriate Government. Secondly, section 132 Cr.P.C. covers only acts purported to be done under sections 129, 130 and 131 Cr.P.C. while the other section provides for omnibus protection for all acts done or purported to be done in the discharge of official duty.

61.31. The above provisions in actual practice seem to have made neither the public nor the police officer happy. The public feel that the restriction placed by the law are dilatory and undue. Obtaining permission for prosecution

from the competent authority takes considerable time and the consequent delay provides an opportunity to the accused police officer to suborn witnesses and even pressurise the complainant. The common man feels that he should have an unfettered right to seek redress for an injustice done to him by a public servant, from a court of law. The police officers, on the other hand, feel that the law as it has been interpreted and applied hardly provides them any protection worth the name. The police officers, whom we met, repeatedly drew our attention to many occasions when they got no legal protection, even though the acts in question were done in the discharge of their duties.

61.32. We have given anxious consideration to the two opposite views stated above. While we feel that on the one hand the police officers are exposed to frivolous prosecutions and there is need for help from the Government so that they do not feel helpless or abandoned, we also at the same time see merit in the plea that the public should be free to seek the verdict of a court of law if he has a grievance against a Government servant.

61.33. Section 197 Cr.P.C. *suo moto* makes a distinction between officers not removable save by or with the sanction of the appropriate Government and other ranks of police officers. Though in some States (like Delhi) the protection has been extended to other ranks charged with the maintenance of public order under the provisions of sub-section (3) of this section, we see no justification for making a distinction between the various ranks of police officers and would like the recommendations which we will be making in this chapter later on to be made applicable to all ranks equally.

61.34. Police has vast powers which may affect even the liberty of an individual. Stigma attaches to any person, action against whom is taken by the police. Similar powers are not enjoyed by officers of other departments and hence we feel that the police should also have a greater measure of accountability. The public complainant should, in our opinion, be free to press his complaint against a police officer for a judicial pronouncement without there being a need to obtain permission from any body. At the same time we

feel the necessity for certain measures for the protection of police officers against vexatious and frivolous prosecutions. While we advocate that the public complainant should have the liberty to go ahead with his case in a court of law, we would recommend that the police officer should be defended at the cost of the Government. According to the existing rules and instructions in some States the permission of the Government has to be obtained for such a defence. We do not consider this to be necessary. We feel that officers of and above the rank of Superintendent of Police should be empowered to order defence of their subordinates. The Government orders should be necessary only in cases when a complaint is filed against an officer of the rank of Inspector General of Police or Director General of Police and also in case the complaint against the police officer is of rape or murder. Such defence at Government cost should extend upto the appellate stage. We have examined the propriety of the suggestion that in case the officer is convicted by a court of law, the expenses incurred by the Government in such cases should be recovered from him. In the case of conviction of a Government servant, he will automatically be subjected to some other departmental penalty which may extend up to his dismissal. We think that such a departmental penalty should be enough and the recovery of expenses would not be necessary.

61.35. We have considered another suggestion which was made to us, namely, making it obligatory for the public complainant to deposit a certain amount of money along with his complaint in the court of law which amount should be subject to forfeiture in the event of the complaint being found false. We think that such a provision will prevent the weaker sections of the society from going to courts for the redressal of their grievances. As an alternative, we feel that in case the court comes to a finding that the complaint is unfounded, it should by law be empowered to take the explanation of the complainant and if it finds the explanation unsatisfactory, it should have power to inflict suitable punishment on the complainant. The Law Reforms Commission appointed by the Australian Government in its Report on 'Complaints against police' has recommended that 'where the complaint filed

against a police officer concerning action taken by him is false or misleading in a material particular, it should be treated as an offence punishable with fine upto \$500 or/and imprisonment upto six months'. We are in general agreement with this approach and would suggest the introduction of a suitable legal provision in this regard. We would also add that it might be impressed upon courts by the High Courts concerned that such complaint cases against police officers should be disposed of on a priority basis. Delay not only causes frustration to the complainant but also brings the police force as such into disrepute. Further, we would suggest that the High Courts might draw the attention of the lower courts to the provisions of section 202 Cr.P.C. and advise them generally to ask for a report from the District Superintendent of Police on the complaints filed before them. It should be the responsibility of the District Superintendent of Police to either make an inquiry himself or have it made by a sufficiently senior officer and submit a factual report to the court before the court decides to proceed further with the case. Objectivity of such a report must be ensured at all costs and there should be no attempt to white-wash or cover up the lapses. A fair and impartial report will enhance the confidence that the court may repose in police.

61.36. We would like to add a word of caution in this regard. Sometimes the main purpose of filing a complaint in a court of law is to secure the transfer of the officer concerned and once the transfer has been ordered, the complainant loses interest in the case. We feel that on mere filing of a complaint transfers should not be made unless there is a *prima facie* case and justification for the same.

### Organisational Accountability

61.37. In the system of accountability internal to the organisation also we have noticed equally serious drawbacks which have led to distortions and which would require suitable corrective measures. In a hierarchical system like the police, accountability is determined at various levels with reference to the next higher level. For

instance, the SHO is accountable for his individual performance as well as collective performance of the Police Station to the Superintendent of Police. So far as the performance appraisal of individual functionaries are concerned, we have dealt with that in a separate Chapter in our Seventh Report. In this Chapter we are confining ourselves to evaluation of collective performance. This is because in our opinion individual performance appraisal requires a more detailed and exclusive discussion and the evaluation of group performance may be more appropriately dealt with in the context of police-accountability. Evaluation of group performance is conducted by various levels of supervisory police officers by the exercise of periodic inspections. For instance the District Superintendent of Police inspects police-stations under his charge periodically. Similar inspections are carried out in respect of the District Police by the D.I.G. and the Chief of the State Police. We note that the yard-sticks adopted for evaluation of group-performance are generally similar in most States with regard to the major areas of police activities. For instance, the most commonly used parameter relates to assessment of police efficiency by comparison of crime-statistics of the period under review with those of the previous years. If the number of offences registered during the period under review is more than those in the preceding years, a facile conclusion is drawn that the police of the area has failed to control crime. Firstly, statistics of reported cases of crime do not reflect the true position regarding police efficiency, as the police by themselves do not exercise control over all crimo-genic factors. Secondly, adoption of this parameter leads to large-scale non-registration of offences at the police station level. Since free-registration of all cases reported at Police Station would mean swelling of crime figures, under-registration at the Police Station level has become a prevailing practice. We would like to add, even at the risk of repetition, that suppression of crime-statistics is not a malady afflicting the Police Station level only; it has taken into its sweep the supervisory authorities at all levels also. Since the crime situation is discussed every year on the floor of the State Legislatures primarily on the basis of

crime statistics, State Governments in the majority of the cases are also interested in presenting a rosy picture of crime incidence. Therefore, the State Governments and the senior police-officers frequently connive at under-reporting of cases.

61.38. Another commonly used parameter is the so-called 'preventive measures' taken by the police during the period of review. Incidence of reported offences under Local and Special Laws is generally considered to be an index of the extent to which 'preventive measures' were taken by the police. The higher the number of reported cases under Local/Special Acts (e.g. Police Act, Arms Act, Gambling Act, Suppression of Immoral Traffic Act, etc.), the more creditable it is considered to be for the police. The logic behind this practice appears to be that the acts punishable under Local and Special Laws are the breeding-grounds for more serious offences and the arrest and prosecution of offenders at this stage acts as a deterrent against major offences. The obvious flaw in this assumption cannot escape notice. But more than that, adoption of this determinant of evaluating police performance leads to large-scale and unwarranted arrests, and initiation by police of false cases against innocent persons.

61.39. Another yard-stick adopted in some States pertains to police-encounters with the gangs of dacoits and robbers. Total number of encounters during the period of review, total number of criminals apprehended and killed in police-encounters, fire-arms, etc., recovered from the outlaws are the parameters by which the police efficiency is assessed. This yardstick also often leads to police stating fake encounters and at times killing of criminals after they are caught by the police. Fire-arms are often planted in the hands of dacoits and to acquire them, unscrupulous police officials connive at the illicit manufacture of such fire-arms.

61.40. The above are the most frequently used yardsticks on which the police efficiency is assessed. A few other yardsticks common to all States are:

- (i) Recovery of stolen property during the period of review, as compared to previous years;

(ii) Successes in investigation of offences determined by the percentage of charge-sheeted cases to those registered by the Police during the period of review;

(iii) Successes in criminal cases in the courts of law determined by percentage of cases successfully convicted to those decided, etc.

In adopting these determinants, a lack of correlation between the determining factors and yardsticks which are supposed to measure police efficiency is apparent. But more than that, these parameters encourage the police to adopt questionable means of recording and controlling crime and even resorting to illegal acts. One modern yardstick adopted in some big cities is the 'response-time' which is the time-lag between the receipt of a call by the police and the arrival of the police at the place of the caller. But we note that the average response-time of the police-car in big cities does not provide a realistic picture, as the police records appear to be manipulated frequently to show a quicker response-time.

61.41. Due to a faulty system of monitoring police performance at various levels, we have come across a number of odd situations. For instance, in one major State the sense of security in the community has been lacking during the last decade or so, but crime statistics create an impression that it is a very peaceful area. In another major State there is a similar situation, but the crime figures of today in that State are much below those recorded 10 years back. In this State several thousands of dacoits have been shot dead during the police encounters during last 5-6 years, but the dacoity menace remains unchecked.

61.42. Great harm has been caused to the image of the police department due to laying down of faulty determinants for evaluating police performance, which has led to a misplaced sense of accountability and questionable methods of crime control adopted by police. In our opinion, the parameters of performance evaluation act as reference points for determining police-performance which ultimately help delineate the coordinates of police accountability. Therefore, we have addressed ourselves to the possible yardsticks which may be the desirable indicators

of police performance. While determining these yardsticks we have two considerations in our view:

(a) that these should help the authorities to have an objective evaluation of police performance;

(b) these yardsticks should not encourage the police to resort to extra-legal methods.

We recommend the following determinants to be adopted by the State Police organisations:

(1) *Prevention of Crime:*

(i) Sense of security prevailing in the community.

(ii) People's willing cooperation and participation secured by the Police in preventing crime.

(2) *Investigation of Crime:*

(i) Correct registration of crime.

(ii) Prompt visit to the scene of occurrence.

(iv) Speedy investigation  
Honesty and impartiality in investigation.

(3) *Law and Order:*

(i) Extent to which law and order is maintained, taking into account the forces which promote lawlessness.

(ii) The manner in which law and order is maintained. Two factors have to be judged - (a) People's cooperation, (b) Use of force.

(4) *Traffic Management:*

(i) Smooth flow of traffic in urban areas and control of fatal and serious accidents by prosecution of persistent offenders.

(5) *Service:*

(i) General spirit of service, especially to weaker sections, physically handicapped, women and children.

(ii) Quality of service rendered in a distress situation like cyclone-havoc, flood-damage, famine, etc.

(iii) Specific instances of service-oriented functions performed by the Police which drew special appreciation and gratitude from the public.



(6) *Reputation of Integrity and Courtesy:*

- (i) General reputation.
- (ii) Police collusion with criminals organising illicit distillation, gambling, economic crimes, prostitution, etc.
- (iii) Reputation for courteous behaviour.
- (iv) Prompt and satisfactory enquiry into complaints against policemen.

However, the problem likely to be faced in this connection by the police authorities will be fixation of specific determinants to evaluate the performance of the police relevant to each of the above-mentioned heads. These determinants would have to be evolved in due course after some experimentation and experience.

61.43. With regard to the departmental accountability, we would like to lay down as a guiding principle that a functionary in the department at a particular level should be held accountable only with respect to functions and duties assigned to him; conversely the accountability should not extend to duties over which he has no direct control. Such duties and functions are assigned to police-officers at various level from time to time by virtue of various laws and departmental rules. Great damage has been done, in our view, by not taking note of this important principle, and holding functionaries at each level (e.g. SP, DIG and IG) responsible for everything happening throughout his jurisdiction. To elaborate our point, the IG is responsible for generally maintaining law and order throughout the State, generally maintaining integrity and morale of the force, personnel management including training of personnel, etc. But he cannot be held responsible for each isolated incident in a particular district unless it is proved that the particular incident occurred because of some acts of omission or commission on the part of the Chief of Police, or such incidents have been widespread and the latter has failed to react adequately. In a similar manner, it would be wrong to hold the SP or the SHO accountable for each isolated incident in their respective jurisdictions.

61.44. Finally, with regard to the departmental accountability we strongly disapprove of the practice of fixing unreasonable or impossible targets which cannot be achieved except thorough irregular or illegal means. Examples of these are the categories of orders to 'reduce' crime within a fortnight, or clear the area of outlaws, particularly dacoits and robbers, within a short time or to create a sense of security in the community within a similar period or to work out a sensational offence within an unreasonably short time. More often than not, these are the very orders which induce policemen at the Police Station level to resort to such unlawful means as indiscriminate arrests, adoption of third-degree methods, staging fake encounters, etc. Often targets of the kind indicated above are promised by the Government in the State Assembly after a hue and cry has been raised regarding law and order/crime situation in a particular area or in the State. Such instructions filter down to the Police Stations through the various levels of police hierarchy. In our opinion such instructions and directions which are instrumental in creating a distorted sense of accountability among the police functionaries should be controlled effectively and avoided.

61.45. The necessity for accountability of the police organisation is not far to seek. As mentioned earlier, it is too much to expect the political executive alone to account for the acts of the Government departments under their control and the individuals in those departments. The very remoteness of the political executive from the grass-root functioning of the Governmental agencies makes it imperative that the accountability has not only to be defined but prescribed precisely for various levels of the Government organisation. Again the concept of ministerial responsibility to the people through the Parliament and Assemblies presupposes anonymity of the Government agencies. In progressive democracies, the concept of anonymity has given way to direct accountability of the various constituents of the Government to the people.

61.46. We want to emphasise that accountability can be ensured only by active supervision. Accountability also depends upon the awareness of the people of their rights and their willingness to exercise the same in a responsible manner by activating the mechanisms worked out by us. At the same time that awareness should also include clear understanding of the limitations and constraints within which the police has to function. Police on their part should also clearly understand that the ultimate accountability is to the people and to the people alone. Their accountability to law and to their organisation are only complementary to the ultimate objective of accountability to the people. If the people are not prepared to assert their rights through the various agencies prescribed by us apart from the Courts, if the State Security Commissions are not established, if the media remains biased and not constructive and inspections continue to be a farce, nothing much can be expected from the mechanism of accountability.

#### CHAPTER LXII LOOKING AHEAD

62.1. This is not an omnibus peep into the future; the approach is confined to the police organisation and its role performance about 2000 A.D. Only factors affecting the role performance of police have been discussed. The objective has been to discover that the police organisation has to do *now*, and *from now on*, to adequately discharge its responsibility in about 2000 A.D. The object is strategic planning and not futurology. It is necessary to attempt this even though history shows that sometimes revolutionary changes in a country as a result of science, economics make all calculations go awry.

#### The Present State of Policing

62.2. In our earlier reports we have already commented on the present state of policing. The two key elements in the state of policing are police performance and police behaviour. In the Preamble to the First Report we had stated that 'Functioning under the constraints and handicaps of an outmoded system, police performance has

undoubtedly fallen short of public expectation'. It might, however, be mentioned that the assessment of police performance is a tricky matter. Statistics of crime and percentages of conviction do not reveal much, and statistical appraisal of police work has been condemned from 1903 to the present day. The reasons are the nebulous concept of normal crime and the fluid character of order.

62.3. Taking crime control and maintenance of order separately it would be found that (1) no society has ever been totally free of crime and (2) there exists a concept of 'normal crime' as a standard against which police performance in this sphere is usually assessed. If we take a town with a population of two lakh with the usual mix of students, labour, a small floating segment and a fair sprinkling of various communities how much crime is normal for it cannot be stated by anyone. How many rapes, murders, thefts, robberies, per annum are 'normal' cannot be determined by any formula. In practice crime statistics of various years are used for comparison but this comparison seldom takes into account the accretion, during the period, in the criminogenic factors and the absence of free registration of offences. While statistics of crimes are used for various purposes, they do not, unless there is a marked increase in a particular type of crime during a period in which an experiment in free registration is not being made, reveal the ground position of police control over crime. If in a town the figures of rape for the last three years were 8, 7, 9 and in the current year up to October only 4 rapes have taken place it may mean nothing to the people who might legitimately be horrified by a couple of brutal rapes which form part of the total figure of 4 rapes. Consider the following situations. Five rapes take place in different parts of a district, two in a khalihan, one in the town and another two inside homes. In the other situation a girl returning from school is kidnapped by a couple of goondas, taken away, raped and freed. Although it is a single case of rape it will and should hit the people much harder; a conclusion of lawlessness is justified. A couple of grisly offences, though they are for the police and the administration a question of crime and crime control, may create the feeling that law and order has deteriorated. But even if we relate

the state of order to an agitation, a procession, a demonstration, a gherao, a riot, all these can be counted but how many should be considered normal for a district? Processions and bandhs are a part of our democratic way of life and will continue but if in spite of them people feel that they can go about their normal routine that is all that matters. Thus in both the areas, i.e., crime and disorder, public perception is the decisive factor.

62.4. Public perception of police performance and behaviour has been mentioned by us in Chapter XLI of the Fifth Report. The conclusions stated were:

- (1) 'Police-public relations at present are in a very unsatisfactory state. While there are several reasons for it, police partiality, corruption, brutality and failure to register cognizable offences are the most important factors which contribute to this sad state of affairs'.
- (2) 'Police do in fact harass even those people who try to help them'.
- (3) 'There is a certain degree of ambivalence in people's views about police efficiency; by and large they do not think the police are inefficient. A charge in the style of police functioning is what they desire foremost'.
- (4) 'Those who have interacted with the police have a slightly better opinion of it than those whose opinions are based on what they have heard'.
- (5) 'The Indian Police Commission of 1902-03 had, after discussing police corruption 'practices and extortion and oppression', their 'unnecessary severity', harassment of people, concluded (para 26): "What wonder is it that the people are said to dread the police, and to do all they can to avoid any connection with a police investigation". These observations can very well apply to the conditions obtaining even today. People now may not dread the police but they certainly dread getting involved with it in any capacity'.

#### **The Present State of the Police Organisation**

62.5. During our tours and discussions with people in various walks of life a feeling was often expressed that based on the Police Act of 1861

the present police organisation is not suited for the present times because an authoritarian police working under an imperialist regime cannot function well in an independent democratic country. In addition to this basic change is the phenomenal rise in population not paralleled by an equal rise in our gross national product, leading to problems of scarcity in a developing society. It is felt that the police cannot handle all these problems in the traditional manner of repression. The police sub-culture should take into account the fundamental rights of the people, the supremacy of laws and not of executive fiat, and our constitutional goal towards a developed and egalitarian society. Before Independence a single constable could handle four goondas, now he gets beaten up, stabbed or, even killed. While this factor is taking its toll on the police organisation as yet there are no signs of any preparation for it. In practice the laws are so many, not to speak of social legislation in particular, that police do pick and choose. The real problem is not the effective enforcement of one law or the other but to create a total atmosphere of law enforcement in which criminals, who make a cool calculation, should feel that the odds are weighed against them.

62.6. The traditional attitudes and values stubbornly survive while the environment has changed totally. The army philosophy, particularly that which had obtained in the nineteenth century, of work and discipline through an autocratic plus paternalistic management survives as an anachronism and a hindrance to any effort to adapt to the changed role and environment. Now with greater education and mass consciousness there should be an effort to promote motivation by participation and shared goals.

62.7. The methods of recruitment and training are far from the realities of the ground situation. As soon as a police officer reaches the police station he has first of all to unlearn what he had been taught in the training institutions. To some extent the legal handicaps and to some extent double talk have produced this situation. The law itself does not trust its instrument. As yet it is not clear to any policeman how he can investigate a case of dacoity, in a strictly legal manner, and yet secure conviction from a court of law. The same is true

of a number of other offences. A witness is harried by the police, bullied by the lawyers and harassed by the courts, yet the police are expected to produce fresh independent witnesses every time. 62.8. The organisation is shaken by mounting criticism of its operational brutality and cancerous corruption. No thinking and planning are in evidence because the senior administrative ranks are perpetually insecure and are exhausted by the continual effort to survive, in an atmosphere where their assessment by the executive - administrative and political - is not always based on merit. Clearly the police organisation as it stands today is unfit to discharge its duties. How much more so would it be by the turn of this century is a horrifying thought.

### **Trends in Crime and Disorder**

62.9. The trends in crime and disorder today can be projected into the future as a continuing process. The crime picture before Independence was typical of a large agricultural country where the predominant forms of crime were dacoity, murder for traditional causes such as land and women, with a certain amount of burglary in the urban areas. The crime picture has remained more or less the same after Independence, though the number of offences has increased steadily even as population and overcrowding have increased, and has reached a serious stage in some areas, and organised crime such as smuggling, gambling, corporate crimes and frauds have appeared. While there is undoubtedly a feeling of insecurity in some parts of the country, especially in the rural areas, the situation in the urban areas continues to be more or less the same. Communal flare-ups showed a marked decline in the first few years after Independence but there has since been a substantial increase and, along with it, there are signs that the use of fire arms and explosives will increase. We should expect that violence, which is basically rooted in a soft state and deprivation of vast numbers, may increase. Difficulties regarding food, drinking water, fuel and energy may create conditions conducive to disorder. The quickening pace of industrialisation will lead to massive urbanisation. Uprooted populations without the restraints of rural life may find a life

of crime attractive and will drift into gambling, alcoholism and organised disturbances to secure their demands.

62.10. The unreliability of crime statistics in India is well-known. This trend got accentuated after Independence because of the anxiety of the State Governments to prove to the legislature that crime was under control. Every State Police Commission - in Punjab, in Delhi and in Uttar Pradesh in 1971 - which went into this question unanimously concluded that crime statistics reflect large-scale concealment. Whenever a genuine effort was made to register all crime - in Uttar Pradesh in 1961-62, and 1970-71, in Delhi, in 1970 and in Haryana in 1977-78, the figures showed such fantastic jumps as were impossible with any normal increase in one year. In spite of the basic unreliability of the crime statistics the figures of recorded crime show certain unmistakable trends. The visible trends in crime are: (1) crime is increasing faster than either population or police strength; (2) the involvement of young people in crime is increasing; (3) the involvement of women in crime is increasing; and (4) the tendency of criminals to be armed and to resort to violence as well as crimes of violence is increasing.

### **Increase in Crime**

62.11. After showing a marginal fall in the decade 1951-61, recorded crime has been steadily rising in the country in the last two decades. Total cognizable crime in the years 1951, 1961, and 1971 was 6,49,728, 6,25,651 and 9,52,581, respectively. In 1978 total recorded cognizable crime was 12,73,564. It would be seen that during the decade 1951-61 recorded crime decreased at the rate of 0.37 per cent per year or 3.7 per cent through the decade. During the decade 1961-71 crime increased at the rate of 5.2 per cent per year or 52.2 per cent through the decade. During the decade 1951-61 the population of the country rose at the rate of 2.2 per cent per annum or 21.63 per cent in the decade. The increases for the decade 1961-71 were 2.5 per cent per year and 24.82 per cent for the decade. The total strength of the police in the country was 4,67,740 in 1951,

5,26,149 in 1961 and 7,06,895 in 1971. On 1-1-78 the police strength was 7,67,396. The growth of police strength was 12.4 per cent during the

decade 1951-1961 and 34.4 per cent during the decade 1961-1971. The comparative situation is shown below in the following table:

TRENDS IN POPULATION, CRIME AND POLICE STRENGTH- 1951-1978

Year	Population in crore	Growth index 1951=100	Crime in thousand	Growth index 1951=100	Police Strength in thousand	Growth index 1951=100
1951	36.11	100	650	100	468	100
1961	43.92	122	622	96	526	112
1971	54.82	153	953	147	707	151
1978	63.21	175	1,274	196	767	164

From the above analysis it can be seen that while crime, after a fall during 1951-61, has been rising rapidly in the last two decades and the population also has been showing a steady rising growth rate, police strength, after showing a proportionate growth up to 1971 has failed to keep pace with the growth of crime and population during the period 1971-78. If this trend continues the growth of crime and population would far outstrip the growth of police strength in the coming couple of decades.

#### Increasing Involvement of the Young in Crime

62.12. A marked feature is the increasing involvement in crime of the young people. A total number of 44,008 IPC crimes were committed by young offenders (those up to 21 years of age) during 1977, recording an increase of 18.9 per cent over 1976. They were responsible for 3.5 per cent of the total IPC crimes reported in 1977 as against 3.4 per cent from 1973 to 1976. The volume of juvenile crime per lakh of population was 7.0 for 1977 as against 6.00 in 1976. It is thus clear that the involvement of juveniles by way of numbers is increasing. It increased from 2.6 per cent in 1967 to 3.5 per cent in 1977. On the other hand due to improved health standards and longevity the proportion of young people in the 70's has gone up in the total population and therefore one cannot be very definite that proportionally criminality among the young is

increasing. The fact of sheer increase in the number of offending juveniles is however relevant. The figures of crimes committed by juveniles take into consideration all those who are up to the age of 21. If we take the age group of 15-19, easily available from Census figures, and the year 1972 for which figures of juvenile crime are available we find that in that year the total number of IPC crimes committed by juveniles was 31,199 and their population in the age group of 15-19, 54 million, and the figures for 1976 were juvenile population 63 million and IPC crimes committed by them 37,000. The increase works out to 57 IPC crimes by juveniles per lakh of their population in 1972 and 59 crimes per lakh of their population in 1976. In any case such a large number of young people going through the mill of the criminal justice system and getting back to society is a cause for concern on account of the present state of the criminal justice system and its impact on those who are put through it.

#### Increasing Involvement of Women in Crime

62.13. On account of various socio-economic reasons about which the police can do nothing the involvement of women in crime has been increasing. The table below shows the increase, particularly in number, of the involvement of girls in juvenile delinquency:

## INVOLVEMENT IN JUVENILE DELINQUENCY

Year	Boys	Girls	Percentage of Girls	Total
1967	66,719	5,390	7.5%	72,109
1968	68,557	4,801	6.5%	73,458
1969	74,092	4,776	6.1%	78,868
1970	94,617	4,228	4.3%	98,845
1971	97,987	5,432	5.3%	103,419
1972	120,953	7,228	5.6%	128,181
1973	122,192	5,550	4.3%	127,742
1974	132,125	8,514	6.1%	140,639
1975	132,587	9,312	6.6%	141,899
1976	124,569	9,404	7.0%	133,968
1977	138,532	10,390	7.0%	148,922

Taking the total number of persons arrested under IPC crimes during the period 1971-77 we found that in 1971, 975,251 were arrested out of whom 16,303 (1.7 per cent) were females but in 1977 the total arrests were 153,515 out of whom 28,600 (2 per cent) were females. If we take the numbers only the increase of 12,297 amounts to an increase of 75.4 per cent from 1971 to 1977. The involvement of female offenders was largely in kidnapping, abduction, thefts and murders.

62.14. Involvement of women as victims of crime is also, on the increase. While no data on this is available we examined the figures of the crime of rape and found the following progression:

1971	2,487
1972	2,605
1973	2,919
1974	2,962
1975	3,376
1976	3,893
1977	4,058

The female population in 1971 was 264 million and provisional figures for 1981 are 331 million which means a growth of 25.4 per cent which is less than their increasing involvement in crime either as victims or as offenders.

62.15. Women largely because they have come out of their homes to study and to work, are now more exposed to dangers in society and exploitation by the unscrupulous and they also now and then become victims of misconduct by policemen. All these require a definite response from the criminal justice system, including the police. The traditional police organisation is not structured to deal with women, be they victims or perpetrators of crime.

## Violent Crime

62.16. While crime as a whole is increasing, crimes of violence are increasing faster.

## INCIDENCE OF CRIMES OF VIOLENCE PER ONE LAKH OF POPULATION AND PERCENTAGE VARIATION DURING 1978 OVER 1968

Year	Total Cognizable Crime	Murder	Dacoity	Robbery	Riots
1	2	3	4	5	6
1968	862,016 (168.7)	13,841 (2.7)	6,357 (1.2)	10,194 (2.0)	45,811 (9.0)
1973	1977,181 (187.0)	17,072 (3.0)	10,627 (1.8)	18,857 (3.3)	73,338 (12.7)
1974	1192,277 (202.7)	18,649 (3.2)	13,697 (2.3)	22,286 (3.8)	80,547 (13.7)
1975	1160,520 (193.02)	17,563 (2.9)	12,506 (2.1)	21,656 (3.6)	67,241 (11.2)
1976	1093,897 (178.4)	16,673 (2.7)	10,910 (1.8)	17,974 (2.9)	63,675 (10.4)
1977*	1230,954 (202.5)	17,962 (3.0)	12,339 (2.0)	22,328 (3.7)	76,666 (12.6)
1978*	1273,564 (205.4)	18,638 (3.0)	11,497 (1.9)	21,698 (3.5)	77,709 (12.5)
Percentage	+47.4	+34.7	+36.9	+112.8	+69.6

Note: Figures in brackets show crime per lakh of population.

\* Figures are provisional and exclude Assam.

It might be mentioned that during 1968-78 the increase in cognizable offences was 47.7 per cent. The increase in population during the same period was 24.9 per cent but robberies increased by 112 per cent and rioting by 69 per cent. As is common knowledge the increase in dacoity has been very large but it is quite likely that many dacoities were converted into robberies to minimise crime.

62.17. Another disturbing feature is the input of violence in crimes which traditionally were committed without violence. As example is pick-pocketing. A field study in Bombay revealed that whereas a few years ago pick-pockets depended on sleight of hand now they depend on their readiness to whip out a knife and stab the protesting victim. Similarly burglars are now usually well armed and invariably assault the residents if they wake up and try to obstruct the commission of crime. Even in the early 70's the goondas, while they did fight among themselves and terrorise the people in their areas behaved submissively when confronted by a policeman. This is no longer so. A lone policeman dare not tackle a goonda for fear of being assaulted and cases of policemen who become victims of injuries, fatal or otherwise, during the performance of their duties are increasing. The following table gives the number of policemen killed and injured while on duty, in the previous years:

POLICEMEN KILLED/INJURED ON DUTY

Year	Number of Policemen	
	Killed	Injured
1956	72	2,272
1957	67	1,192
1958	56	1,739
Av. 1956-58	65	1,734
1966	95	3,623
1967	137	4,394
1968	100	4,039
Av. 1966-68	107	4,018
1976	138	1,143
1977	204	2,219
1978	461	4,440

### Maintenance of Order

62.18. In the last year or so, the number of incidents in which firing had to be resorted to by the police has increased considerably. The use of fire-arms and explosives has also posed a serious

problem to the police. In the face of declining authority, there is a growing feeling in some communities that the police do not protect them and, therefore, they must organise for their own defence. At the same time the police are demoralised in some States, leadership is poor, and the resources available for dealing with unrest of a serious type are insufficient.

62.19. A large scale disturbance requires a combined effort on the part of the political and administrative wings, and may also in extreme cases require military assistance. Secondly, there is need to regularly review intelligence. It has been our regret that we could not go into the whole subject in detail. It is vital, however, that regular targets should be set and frequent reviews made of the intelligence capability. Further, a review also needs to be made from time to time of the state of discipline and preparedness of the police forces to deal with serious disturbances. What we need are alert officers, quick movement, reliable communications, a free hand to the men on the spot. In actual fact all disturbances turn out to be a test of administrative morale. If there is a strong political will and proper administrative direction, it should be possible to deal with any type of disturbances.

62.20. So far law and order problems have been an urban phenomenon. The last couple of years have shown that the awakening in the rural areas is leading to bitter and brutal caste and class conflicts. Thus we have seen the sad and cruel recurrence of raids by members of one caste on members of another caste resulting in numerous deaths. It is evident in the atmosphere of today that feudal practices of the past if attempted to be continued will only result in greater and greater violence and brutality. The second change in the rural areas has been an organised demand for more money for their produce. So far we have seen urban workers organising themselves into unions and striking work to demand better wages, better working conditions, better living conditions for themselves. Now we see the agricultural community doing the same. When this ferment is viewed against the background that about 80 per cent people live in the rural areas it is evident that the most serious threats to law and order will, in future, arise in the rural areas. In fact with all

the vast social changes and transformations that are taking place, and with large scale unemployment and all the other difficulties that are likely to be accentuated owing to shortage of energy combined with pollution, we should expect a series of upheavals, particularly in the rural areas. The more serious of these are likely to occur in eastern India. The real test of democracy in India will be whether these upheavals can be dealt with correctly, and the required changes introduced by democratic methods. There is no doubt that the ballot box can save us from serious disorder, provided we do not shirk the election process, or allow it to get so vitiated that the will of the people is thwarted.

62.21. Satyagrah which originally was a device to evict the Britishers from India has ever since been used by numerous parties and organisations to obtain their objectives. While they may have achieved some redress of unnoticed grievances, and secured an improvement in the living conditions of industrial workers and government servants, an imbalance in the wage structure has been created and, in addition, these movements have eroded the authority of the Government considerably. While, originally, satyagraha was meant to be a non-violent device to secure objectives, a growing tendency now is for every form of protest and agitation to culminate in sporadic violence. The social pressures that generate disorder are mounting. In a sample study made at the instance of this Commission of 52 such cases taken from the years 1971 to 1975, it was found that the causes of the disturbances were political (15 cases), economic (8 cases), labour (10 cases), students (8 cases) and miscellaneous (11 cases), and for dealing with these 52 disturbances the police had fired 893 rounds killing 62 and injuring 169. Again between June 1977 and October 1978 the police opened fire on over 30 occasions resulting in the death of more than 100 persons. Violence starts in accordance with some typical patterns. A police party goes to arrest somebody but a mob, in order to prevent the arrest, starts throwing stones on the police party. Sometimes even firearms are used by such mobs. A large mob of as many as 3,000 people tries to, as part of its protest against rising prices, loot a grain godown or plunder private grain shops. The

police use force to disperse the mob. A large mob of students tries to force its way into a hall where a cultural programme is being held and is resisted by police. In the scuffle 10 students sustain injuries. The next day students take out a procession against police 'brutality', go to the Kotwali, and throw stones at the residence of the Station House Officer and brickbats at a group of policemen in another place. Police open fire, one person is killed and another injured. Students agitating for location of a State Road Transport Corporation Office at a particular place loot some sheds and the canteen; Police use lathis and then firearms to disperse them. All these examples are from actual cases. It is significant that almost all the judicial inquiries that follow police firing have found the firings justified. Obviously policemen are not going berserk; violence is in the air and its suppression requires counter-violence.

### Organised Crime

62.22. Organised crime has been in existence in the country for a long time. The thugs were an organised group of criminals. The slum lords are an organised group of criminals and so also those who commit the crimes of gambling, bootlegging, smuggling and narcotics. Satta is a kind of gambling which is organised from one place and operated in cities and towns many miles away. Bets are accepted and payments made without any receipts given or taken. Smuggling is very big business in the country and as yet no effective answer has been found to curb this criminal activity partly due to lack of will. Smuggling of narcotics is also on the increase and while there are some cells here and there at the Centre, the awareness of this crime and the organisation to handle it is lacking in the districts.

### Terrorism

62.23. Rural terrorism has been with us for quite some time. Dacoit gangs of the Chambal valley not merely kidnap people for ransom but also, through indiscriminate killing and torture, first create terror in a particular area and then collect money at regular intervals from farmers and businessmen without resorting to any overt



crimes. Thus for collection of money they rely on terror. Although the motivation is political, another type of terrorism which, starting in 1967, spread in the rural areas is that of Naxalites. Their methods also are as violent and cruel as those of any dacoit gang. Only a little while ago it appeared that this type of terrorism had been wiped out but recent events show that while its earlier spread from West Bengal to Andhra Pradesh, Kerala, Tamil Nadu, Bihar and Punjab has been reduced there is a recrudescence of it in Tamil Nadu, Andhra Pradesh and Bihar and Tripura, West Bengal, Orissa and Kerala are also affected. As many as 39 districts in these States are affected. The persistence of rural poverty and the existence of large masses of landless poor would continue to provide a good breeding ground for Naxalites, and therefore this type of terrorism may increase. While there is reason to believe that urban terrorism of the type that is plaguing some European countries, particularly Italy, France and West Germany, has not yet taken root here it is an ominous sign that some organised gangs of dacoits do not commit kidnappings themselves. In various cities and towns criminal elements kidnap people and then sell them to organised gangs at a price. While discussing dacoity we have mentioned this development in Chapter XXXVII of our Fifth Report. In large cities gangs of toughs can be hired to intervene in landlord-tenant disputes. We have also had a hijacking and other forms of terrorism will also appear.

#### **The Trends in the Criminogenic Factors**

62.24. What the criminogenic factors are is still a matter for debate. The means of mass communication for example are, by some, considered a factor that causes crime. In a sense criminalization also causes crime. Crime increases when more and more of the human conduct is categorised as criminal. Here, however, the concern is only with those factors that are visibly and indubitably related to crime and disorder. The first and most important is population.

#### **Population**

62.25. Crime rises with population. For a population of 50 crore in 1967 total cognizable crime was 8,81,981; for a population of 60 crore in 1975 total cognizable crime was 11,60,520; and for a population of 62.6 crore in 1977 total cognizable crime was 12,67,004. At the time of 1971 Census the population of the country was 54.81 crore showing an increase of 24.8 per cent over the figures of 1961 Census. The population as on March 1, 1978 was estimated at 63.83 crore and the provisional figure for 1981 is 68.4 crore. Future projections of population for the period about 2000 AD range from 91.4 crore to 112.8 crore but we can work on the assumption of about 96 crore.

62.26. Some demographic features of the estimated population of about 96 crore are also of relevance for police planning. Population in the age group 15-34 will continue to increase up to the year 1996 which means that we will have very large numbers of young people in the year 2000. The number of children (age group 0-14) is expected to decline but even so it would be sizeable. By about 2000 AD the number of children in India would be more than 28 crore, that is, it would exceed the total population of India of 27.9 crore in 1931. Those in the age group 15-29 will be about 25 crore as compared to 14 crore in 1971.

62.27. All the demographic projections for the future, forecast an increase in the number of urban centres and the urban population. At present there are 189 Class I urban centres, 259 Class II urban centres, and 514 Class III urban centres. This number is likely to be 327 Class I centres, 399 Class II centres and 236 Class III centres, according to the Town and Country Planning Organisation. The 1971 Census found the urban population of the country at 19.9 per cent of the total population. 148 urban agglomerations had a population of about 1 lakh and 9 had a population over 10 lakh. It is estimated that the urban population around 2000 AD could be anywhere between 200 to 500 million, depending on the pattern of industrial development.

62.28. Most of our big cities as well as medium and small urban centres are growing in a haphazard manner. Even the cities within town planning centres have been violating the master plans in a big way. Most of our towns and cities are in a chaotic state and they are likely to get worse. The civic amenities are under tremendous pressure because the services have not kept pace with the tremendous increase in population. Thus problems of water supply, power, sanitation, housing, transport are becoming more and more acute. With the deterioration in the quality of life in our towns and cities, the problems of the police are bound to get more acute. Because of the tremendous increase in the cost of land and housing in the urban areas the rents have registered a phenomenal increase. They are likely to increase much further in the coming years. According to a study, even now a person in the lower brackets has to spend as much as 70 per cent of his income on housing alone, if he has to have a reasonable place to live. For obvious reasons he just cannot do that. His survival depends more on food which also demands 60 per cent to 70 per cent of his income. This has resulted in encroachment on public land and emergence of slums. The majority of people in large cities are likely to live in 'uncontrolled settlements' which means slums. Slums give rise to slum lords whose criminal activities enlarge from year to year. They also give rise to goondaism and some particular types of crime such as bootlegging within the slums and thefts, house-breaking and robberies in the nearby colonies. The masses of unanchored people, a large commuting population and the existence of a very large male population mean more crimes, particularly more crimes of violence and property crimes, because much movable property is available in various shapes.

62.29. The over-crowding in urban areas throws heterogeneous people into close proximity with one another and generates a state of tension which often explodes. The spark is provided by what appears a minor incident but the cause is the latent tension heightened by inadequate jobs and services. As we have already several sources of social tensions such as conflict between peoples

of different religious communities, castes, sub-castes, haves and have-nots, etc. the manifestations of this tension are aggressive groups laying emphasis on sons of the soil concept and resisting outsiders. The phenomenon has been visible in Bombay, Assam, West Bengal and may by 2000 spread to several other cities. Yet internal migration will continue to take place, particularly for job opportunities.

62.30. Our industrialisation has not kept pace with the increasing availability of skilled and unskilled manpower seeking work. According to one projection for 2000 AD about 55 per cent to 60 per cent of the total population at that time would be in the working age group of 18-60. The agricultural sector is already saturated with as much manpower as it can absorb. Rapid growth of the industrial sector which alone can absorb more and more of the working population has yet to come about. Already unemployment is very sizeable and if it continues to increase the emerging phenomenon of educated unemployed or under-employed youth taking a life of crime may become about the most intractable police problem of the future.

62.31. The present situation is not very bright. At present 48.13 per cent of our population lives below the poverty line and of this 50.82 per cent are in the rural areas and 38.19 per cent in the urban area. The average growth in our GNP during 1950-1975 has been 3.1 per cent. If this rate of growth obtains in the future there should be no change in the extent of poverty by 2000. Even if the Planning Commission projection up to 1985 of an average annual compound rate of growth of 5.0 per cent continues till 2000, India compared to developed nations would be poorer in 2000 AD than it is today. It has been found that to break the poverty barrier our GNP must grow at an annual compound rate of about 13.8 per cent. While this estimate may be too high, a successful check on the growth of population to bring it to something less than 96 crore by 2000 AD, say about 86 crore, may help reduce economic disparities. Nevertheless the shortage of basic services and facilities would continue. At present about 65 per cent of the people do not get safe piped water for drinking and personal hygiene. In 79,000 villages drinking water is not

available and has to be fetched from some distance. Even in urban areas those who have storage facility can secure 100 gallon per person per day whereas those in the slums, about 35 per cent of the urban population, can hardly manage 5 gallon per person per day. That is why fights over a solitary water tap are common in slums. This situation is not likely to change much by 2000 AD. The general forecasts for 2000 AD are not favourable. The Global 2000 Studies made in the USA between 1977 and 1980 found that the population growth will not slow down appreciably. The rate of growth in 1975 was 1.8 per cent and the projected rate for 2000 is 1.7 per cent. 92 per cent of this growth will occur in the less developed countries rather than in the industrialised countries thus increasing the less developed countries share of the world's population from 72 per cent in 1975 to 79 per cent by 2000 AD. For both the developed and developing countries the rates of growth in GNP are projected to decelerate after 1975. And for every one dollar increase in GNP per capita in the less developed countries a \$ 20 increase is projected for the industrialised countries.

62.32. The problems of police in 2000 AD are not likely to be uniform all over the country. Even as several centuries can be seen to exist on our roads bullock-carts, horse-drawn carriages, cycles, cycle rickshaws, mopeds, motor-cycles, motor-rickshaws, the latest Mercedes and, occasionally, a jet screaming overhead, the various parts of the country are facing various kinds of police problems in varying degrees. The problems faced by the police in Bombay today may be faced by Delhi in another five years, and by Bangalore, Hyderabad, Lucknow in another fifteen years. The problems faced by cities like Lucknow, Allahabad, Tiruchirapalli today may be faced by numerous smaller cities by 2000 AD. Accordingly no single model can be applicable to the whole country although certain essential features would have to be common all over the country because of improved means of transport and communication available to criminals. In the responses required to deal effectively with the developing situation of crime and disorder we have tried to concentrate on the basic features only.

## THE RESPONSES REQUIRED

### The Response of the People

62.33. As the situation of crime and disorder develops it is evident that a primary need of the future would be self-policing. By self-policing we mean (1) taking adequate preventive measures to protect life and property; (2) resisting an attempt on life and/or property, should it take place in spite of preventive measures undertaken by exercising the right of private defence; and (3) active involvement in the processes of the criminal justice system.

62.34. Most people do not take adequate preventive measures to safeguard their lives and properties. For example, proper locks are not used. A list of property in the house together with identification marks is seldom available so that when a theft takes place it takes a long time to find out what has been lost and how can it be identified. Often large amounts of jewellery and cash are kept at home instead of in the lockers and banks. Good extra locks in automobiles can prevent their thefts but many people do not go in for this precaution. And one should, to the extent possible, avoid exposing oneself to any physical danger. If in spite of the precautions undertaken a threat to life and property develops then it should be possible for the people to make use of the provisions in the Indian Penal Code for the right of private defence. These are given in Sections 96 to 106. It might, however, be mentioned that hitherto these sections have not been very helpful in practice. The present practice discourages the exercise by the people of the right of private defence. Except for cases like villagers killing dacoits, by and large the police arrest the person, prosecute him in a court of law, and only if he is able to establish his right of private defence in the court may be more than one court, is he freed from the rigours of the criminal justice system. A person who kills another person in cold blood and a person who kills another person in self-defence, both have to undergo the same harassment, humiliation and prosecution at the hands of the police and the law courts. Both run somewhat similar risks. Even in cases of genuine self defence when the right of self defence is pleaded

a person who had really acted in the right of private defence may find himself convicted by a lower court and his plea of self-defence accepted only by a higher court. Under these circumstances many people find it less troublesome to let go their property and even suffer some injury than to do something which would take them to a court as an accused. To illustrate, in *Nanhu Kahar, Appellant v. State of Bihar, Respondent* [Criminal Appeal No. 268 of 1968, D. 3-3-1971 AIR 1971 Supreme Court 2143 V.58 C 449] the Supreme Court held that in the circumstances of the case serious injuries inflicted on the deceased were not necessary for protecting property from him, etc. and held that the right of private defence was exceeded. The Appellant was convicted. In another case [*Vidhya Singh, Appellant v. State of Madhya Pradesh, Respondent* AIR 1971 Supreme Court 1857 V. 58 C. 386] the appellant killed one person and wounded three and was convicted by the High Court but acquitted of the charge of murder by the Supreme Court which stated: 'Right of self-defence is a very valuable right. It has a social purpose. The right should not be construed narrowly'. We also are of the view that it is a very important right and is the cornerstone of the concept of self-policing. And self-policing is going to be more and more important in the future. The present indications are that the people are becoming aware of their role in this regard. The All-India Crime Prevention Society has sought to operate through 'Mohalla Units' whose functions are (1) to bring the police and the people nearer, (2) to keep track of and report on the people who have no ostensible source of income and are frequented by shady people, (3) to undertake 'know thy neighbour programmes', and (4) to take action by 'fearlessly' tackling those who do not come to the aid of their neighbour in his hour of need. Of the present gap between intention and action there is no doubt; but the existence of intention is relevant.

### The Response of the Criminal Justice System

62.35. We have, in our Second Report, referred to the weaknesses of our criminal justice system which indeed has to protect society from such acts of individuals or groups of individuals as can

damage it. The visible processes of this protective operation are to ensure that individuals and the society do not suffer harm from criminal acts and should they, in spite of such effort, become victims of criminal acts the offenders are detected, their guilt or innocence adjudged objectively and depending upon the case punishment imposed and/or rehabilitation attempted. This means that legislatures that make laws, police who enforce them, courts who interpret and apply them and the jail administration which deals with those found guilty all are sub-systems of one large system. If the police do their job inefficiently and poorly investigate a case the law courts can do little about it; even if they are convinced of the guilt of the criminal they have to let him go. If a court of law insists on unrealistic evidentiary requirements then most criminals are likely to be acquitted to continue their career of crime. If dacoits are repeatedly enlarged on bail by courts of law then no amount of effort by any sub-system can control dacoity. If every person who goes to jail due to the conditions prevailing in jails, comes out a hardened criminal then police and law courts cannot control crime. There is no doubt at all that the whole system, if the objective of prevention and detection of crime and maintenance of some degree of order and stability in the society is to be achieved, must perform as an integrated whole. Unfortunately the present situation is the reverse of this requirement. While police oppose bails the courts liberally release even habitual murderers and dacoits on bail. While police oppose release on parole of habitual criminals executive authorities are usually inclined towards their release. The efforts at correction of those convicted are often nullified by the negative and hostile attitude of policemen. When courts only give adjournments and police delay investigations, jails face the problem. As on December 31, 1978 in the jail population undertrials outnumbered convicts two to one: 1,20,000 undertrials and 65,000 convicts. Police seldom look with a kindly eye upon criminals released on probation. The judiciary is so obsessed with the sophistication of our procedures of trial that the pendency of cases goes on increasing year by year and nothing ever seems to get finally decided. Every sub-system is thus in conflict with the other

and the normal state of these sub-systems is of confrontation and occasionally, hostility. In one State the District Judges refused to attend coordination meetings with the SP on the ground that it would tarnish their image of impartiality and fairness. When each sub-system is examined separately it appears that each in regard to effective performance of its role, is helpless because of the limitations imposed by the working of the other sub-systems. Judges say that they should not be made to bear the burden of laws that are badly drafted under the pressure of several lobbies at work during the enactment of the law. The police plead helplessness in the face of laws that openly distrust them; that make it, in several cases, impossible for them to discharge their duties. It has for example been felt that there is no legal way of investigating successfully a case of dacoity. The courts appear helpless before lawyers whose predilection for adjournments and for brow-beating witnesses knows no bounds. The jails and the correctional administration suffer from lack of space, lack of staff, lack of supervision, lack of motivation and lack of means. Those who make laws blame all the others, particularly the police. This situation of mutual recrimination is becoming worse year by year.

62.36. The remedy does not lie in homilies on teamwork, or sharing a 'national vision' or commitment to a common goal. Much of the present malaise springs from the structuring of the sub-systems and their legal base. For example it has been recognised for quite some time that legal remedies have not been provided to policemen for discharging their duties. It is common knowledge that policemen use stock witnesses and make false statements in courts of laws in order to secure conviction of those against whom they prefer charges. 'He is even forced by his calling to be a professional witness and his familiarity with the witness box breeds in him a contempt for its obligations.... A temptation to lie deliberately becomes irresistible to a policeman who has spent days and weeks to detect an offence and knows at last that he has got the right man is then faced in court with the frustrating task of having to prove beyond reasonable doubt the links of his case', says a judge. Perjury in our courts of law is a common offence which is committed

by all kinds of witnesses including policemen. The gladiatorial contests in a court of law, combined with the entire burden of proof on police handicapped by laws which distrust them, do not promote the ends of the criminal justice system.

62.37. As regards the judicial hostility to what policemen say in courts of law a Judge has very rightly pointed out that the real trouble lies elsewhere. The police are viewed with distrust by courts because the law which the courts administer views them with distrust. Some of the provisions of the Indian Evidence Act and the Criminal Procedure Code appear to raise statutory presumption against the credibility of police officers. Section 25 of the Evidence Act renders inadmissible in evidence any confession made by an accused person to a police officer. There are at present several offences created by a multitude of statutes which are investigated by agencies other than the police, such as Excise officials, Customs officials, Tax officials, Food Inspectors, Drug Inspectors, and so on. None of them suffers from any such disability. The police officer alone is picked out - or rather he was picked out a century ago for this disability, at a time where there were practically no statutory offences outside the Penal Code and no investigating agencies other than the police. So many investigating agencies have since been created but stigma is made to stick only to the police.

62.38. It is only under Section 27 of the Indian Evidence Act that the evidence of policemen becomes admissible but that is strictly circumscribed. It is again common knowledge that policemen always try to discover something in consequence of information furnished by the accused in order to make the statement made by the accused person admissible in evidence. Fake recovery has been intermittently condemned by courts of law and in fact a large number of cases are acquitted because the seizure memo prepared of such recovery is vigorously attacked by defence lawyers and the normal presumption is that all recoveries are fake unless proved otherwise. It has rightly been concluded by a learned Judge that such discoveries will continue until such time as Section 25 and 27 of the Evidence Act are removed from the statute. Following such

removal adequate safeguards can be built into the legal framework. Several legal provisions are simply the result of inertia and the fear of the unknown, the usual stumbling blocks to any meaningful change in any organisation. As things are in a court of law an accused person is adjudged guilty or not guilty on the basis of the evidence produced before the court. Skies therefore are not likely to fall if the statements recorded by the police during the course of investigation are made admissible both for corroboration and for contradiction by the defence and the prosecution. The only objective of this section is to further strengthen suspicion of the police. The requirements of section 100 can also not be met in any real situation. This is well known to all. Yet the situation continues as it is.

62.39. Some half-hearted efforts have been made so far. The Law Commission devoted its Fourteenth Report to the Reform of Judicial Administration but nothing has come of it. The starting point of any such reform has to be the reform of laws and the process of regulation. Law reform means repeal of obsolete laws and revision of laws to make them more enforceable and to make such changes as may make them so. In addition to swift disposal of cases alternatives to imprisonment in jails have also to be found. We feel that the Criminal Justice System as a whole needs immediate attention. The faith of the people in criminal justice has been steadily eroded over the years till it has now reached a state of near total distrust in Bihar and to a lesser extent in other States. This was dramatised in a remarkable manner in the blindings of several criminals in Bhagalpur in the second half of 1980 followed by similar blindings in West Bengal and there were a few isolated instances also in U.P. The people took the law in their own hands even in the past but this has never been done in such a horrendous manner. It is usual now to see thieves and dacoits being beaten to death by enraged villagers. The fact is that as people get more and more exasperated by the inability of the police to secure punishment for criminals they will take the law into their hands. Accordingly revitalization of the criminal justice system is a pressing necessity.

### **The Response of the Police**

62.40. As the entire work of this Commission has been about the response of the police, in the preceding chapters of our various reports we already have suggested how the Police is to be prepared for the problems and challenges it is facing and will have to face.

62.41. Over the last 75 years, since the Indian Police Commission 1902-03 made its recommendations, the public expectations from the Police have undergone a sea-change. The role of the police needed to be redefined. We have tried to redefine it in our Second Report and have laid a great emphasis on service-oriented functions in disaster situations and a role has been assigned to police to counsel and dissolve conflicts and promote amity. The police, as we envisage, is no more the coercive arm of the administration. It has a direct accountability to law and has to be freed from day-to-day interference in the discharge of its duty by various pressure groups.

62.42. While our constant endeavour has been to prepare the police for the new challenges and tasks, factors having a bearing on crime and disorder are complex and any inflexible planning for the future is neither advisable nor possible. There are innumerable variables and imponderables. Accordingly we suggest that the Bureau of Police Research and Development and the State Research units must make a periodical analysis of the police problems and the police performance. Such an analysis should take into consideration the projections which had been made in the past and see to what extent they proved to be accurate. If they went awry, what were the reasons for it? Having done so, they would be in a position to say, with an amount of accuracy, about the future. The Central Police Committee and the State Security Commissions that we have recommended in our Reports will naturally have a significant role to play in this.

### **CHAPTER LXIII**

#### **POLICE ACT**

63.1. We have in our Reports recommended certain basic reforms for the effective functioning of the police to enable it to promote the dynamic rule of law and to render impartial service to the

people. This presupposes a professionally competent and attitudinally impartial police force. For the incorporation of our new recommendations, it is necessary to replace the existing, outmoded Police Act of 1861.

63.2. We have, therefore, drafted a new Police Act incorporating our recommendations. The same is at Appendix I.

63.3. In Chapter LVIII of our Seventh Report, we have recommended a role to the Central Government in the policing of the country. We have recommended the constitution of an expert high powered Central Police Committee. The role and functions of this Committee are delineated in detail in para 58.14 of our Seventh Report. We recommend that the Central Government may enact the necessary legislation for the constitution of this Committee, define its role and functions and detail the procedure therefor.

#### CHAPTER LXV

##### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

##### Accountability of Police Performance

65.1. Accountability is liability to account for proper performance of assigned task. In a democratic society, the police is accountable for its performance to the people. Then, all activities of the police are governed by various provisions of law and each action of the police is to conform to the law, of the land. So the police has an accountability to law. Finally, the police functionaries are accountable for their performance to the organisation.

(Paras 61.4, 61.5 and 61.6)

65.2. The departmental instructions regarding stay in the rural areas for 90 days in a year must be strictly complied with by all officers of the level of SDPO & SP. Such stays would help them to come in close contact with the common people, know their problems in detail, and seek their cooperation in various police-activities.

(Para 61.9)

65.3. An important aspect of inspections carried out by supervisory officers is to assess the qualitative performance of policing, its impact in that area on citizens and feeling of security prevailing in the community. The Inspecting Officer should not take inspections as routine drill but they should introduce inter-action with the people which will enable them to elicit the maximum information regarding the views of the people in regard to the functioning of the officials in the area.

(Para 61.10)

65.4. Among the various sources which would aid the State Security Commission to have an objective evaluation, one would be the Annual Administration Report submitted by the Chief of Police every year. Besides, the State Security Commission should have under it an independent Cell to evaluate police performance. This Cell should function outside the State police organisation and may have experts from various fields according to the need. The State Security Commission would also be receiving the assessment report regarding the state of policing from the Central Police Committee recommended by us in the Seventh Report. These three reports emanating from different channels will provide a reliable base to enable the State Security Commission to assess the police performance in an objective manner. Based on these reports, the State Security Commission should prepare a final report on the performance of the State police to be placed before the State Legislature.

(Para 61.12)

65.5. Although a totally direct accountability of the police to the people is beset with various difficulties, it is not impossible to introduce a near-direct accountability of the police to the people. This would involve among other things creation of awareness in the police functionaries at various levels regarding accountability to the people. The police functionaries individually as well as in groups should be sensitized to the idea of accountability to the people.

(Paras 61.14 and 61.15)

65.6. During the inspections, inspecting officers should seek out people in order to get the necessary feed-back to assess the functioning of operational level policing. During such inspections, the inspecting officers should call meetings of cross-section of people and discuss their problems. At the district level, they should hold meetings not only with the cross-section of people but also with the representatives of the people in the Municipality and Zila Parishad and with the MLAs and MPs of the constituency.

(Para 16.16)

During such inspections, the inspecting officers should devote special care to scrutinise and review the overall pattern of complaints that are received. If a particular nature of complaint is repeated or frequent complaints are noticed from a particular area, the inspecting officer should investigate the causes. Selective inspections should be carried out so that the complaints as well as the results thereof could be ascertained in detail.

(Para 61.17)

65.7. The responsibility should be squarely fixed on the officers of the level of SP and above to carefully watch the reputation of SHOs and take appropriate measures wherever warranted. Any failure on their part in this regard should be seriously viewed. In those circumstances where the supervisory officer may either fail to assess the reputation of the SHO or fail to take appropriate action in a particular instance, the people have a right to petition to the State Security Commission. In the event of such complaints, the State Security Commission should gauge the reputation of the SHO concerned and take such action as may be required.

(Para 61.18)

65.8. When the Range DIG or SP feels that the particular station house or other operational level is not providing necessary satisfaction to the people, he should go into the causes in depth and try to remove the same. If the attitude of a particular SHO or his method of functioning is not in the interest of the people of the locality, the higher officer should not hesitate to shift the

officer from that particular area and to take corrective or disciplinary action against him to mend his attitude and behaviour.

(Para 61.20)

65.9. Section 132 and Section 197 of the Cr.P.C. 1973 provide protection to various categories of public servants against any prosecution brought against them relating to performance of official duties. The protection available to the police officers under these sections should be withdrawn so that the private complainant is free to press his complaint against police official for a judicial pronouncement without there being a provision to obtain prior permission of the competent authority for such prosecution. However, the police officer against whom a complaint is brought in a court of law should be defended at the cost of the Government. Officers of and above the rank of Superintendent of Police should be authorised to order defence of their subordinates. An order from the State Government should be necessary in these cases when a complaint is filed against the police officer of the rank of IGP or DGP and also in case the complaint against the police officer is of rape, or murder. Such defence at the Government's cost should extend upto the appellate stage. In those cases where the court comes to the finding that the case is unfounded, it should by law be empowered to take the explanation of the complainant, and if the explanation is unsatisfactory, to inflict suitable punishment on the complainant. Suitable amendment should be made in this respect in the law. High Courts may impress upon subordinate courts that such complaints against police officials should be disposed of on priority basis. The High Court may further draw the attention of the lower courts to the provisions of 202 Cr.P.C. and advise them generally to ask for a report from the District Superintendent of Police on the complaint filed before them. It would be the responsibility of the District SP to either make an inquiry himself or have it made by a sufficiently senior officer and submit a factual report to the court before the latter decides to proceed further with the case. On mere filing of a complaint,



unless there is a prima facie case and justification for the same, transfer of the concerned official should not be ordered.

(Paras 61.26 to 61.36)

65.10. The following yard-sticks should be adopted by the State Police Organisations for evaluating group-performance of the police at various levels:-

(1) *Prevention of Crime:*

- (i) Sense of security prevailing in the community.
- (ii) People's willing cooperation and participation secured by the Police in preventing crime.

(2) *Investigation of Crime:*

- (i) Correct registration of crime.
- (ii) Prompt visit to the scene of occurrence.
- (iii) Speedy investigation
- (iv) Honesty and impartiality in investigation.

(3) *Law and Order:*

- (i) Extent to which law and order is maintained, taking into account the forces which promote lawlessness.
- (ii) The manner in which law and order is maintained. Two factors have to be judged - (a) People's cooperation, (b) Use of force.

(4) *Traffic Management:*

- (i) Smooth flow of traffic in urban areas and control of fatal and serious accidents by prosecution of persistent offenders.

(5) *Service:*

- (i) General spirit of service, especially to weaker sections, physically handicapped, women and children.

- (ii) Quality of service rendered in a distress situation like cyclone-havoc, flood-damage, famine, etc.

- (iii) Specific instances of service-oriented functions performed by the Police which drew special appreciation and gratitude from the public.

(6) *Reputation of Integrity and Courtesy:*

- (i) General reputation.

- (ii) Police collusion with criminals organising illicit distillation, gambling, economic crimes, prostitution, etc.

- (iii) Reputation for courteous behaviour.

- (iv) Prompt and satisfactory enquiry into complaints against policemen.

(Para 61.42)

65.11. Functionaries in the department at each level should be held accountable only with respect to the functions and duties assigned to him and accountability should not extend to duties over which he has no direct control. Therefore, police functionaries from SHO to that of Chief of Police cannot be held accountable for each isolated incident in a particular region in their respective jurisdiction, however serious it may be, unless it is proved that the particular incident occurred because of act of omission or commission on the part of the police functionary or such incidents have been widespread and the official has failed to react adequately.

(Para 61.43)

The sanction of fixing unreasonable or impossible targets which cannot be achieved except through illegal or irregular means should be effectively discouraged.

(Para 61.44)

### Looking Ahead

65.12. The object of looking ahead is to determine what the police organisation has to do *now* and *from now on* to adequately discharge its responsibilities.

(Para 62.1)

65.13. So far law and order problem has been an urban phenomenon, but the last couple of years have shown that the awakening in the rural areas is leading to bitter and brutal caste and class conflicts. In addition unrest emerging from organised demand in the rural areas also for more money for what they produce is another emerging factor of importance. Hitherto this phenomenon was confined to the urban workers only. When this ferment is viewed against the background that

about 80 per cent people live in the rural areas it is evident that the most serious threats to law and order will be in future arise in the rural areas.

(Para 62.20)

65.14. So far organised crime has grown almost unchecked. The police will have to develop special expertise to tackle it. Another such crime is terrorism the spectrum of which embraces the rural terrorism of dacoits and Naxalites, kidnapping in urban areas and hijacking of aircrafts.

(Para 62.23)

65.15. The factors that cause crime are increasing in strength and intensity. Some of these factors are population, internal migration, urbanisation and development of slums combined with increasing unemployment and iniquitous distribution of wealth. Our cities and towns are in a chaotic state and the services, particularly the civic amenities, have been unable to keep pace with the constantly increasing urban population. Thus problems of water supply, power, sanitation, housing, transport are becoming more and more acute. With the deterioration in the quality of life in our towns and cities, the problems of police are bound to become more acute.

(Paras 62.25 to 62.28)

65.16. The agricultural sector is already saturated with as much manpower as it can absorb. Rapid growth of the industrial sector which alone can absorb more and more of the working population has yet to come about. Already unemployment is very sizeable and if it continues to increase the emerging phenomenon of educated unemployment or under-employed youth taking to a life of crime may become about the most intractable police problem of the future.

(Para 62.30)

65.17. The problems of police in 2000 AD are not likely to be uniform all over the country. Even as several centuries can be seen to exist on our roads - bullock-cart, horse-drawn carriages, cycles, cycle rickshaws, mopeds, motor-cycles, motor-rickshaws, the latest Mercedes, and occasionally, a jet screaming overhead - the various parts of the country are facing various kinds of

police problems in varying degrees. The problems faced by the police in Bombay today may be faced by Delhi in another five years and by Bangalore, Hyderabad, Lucknow in another fifteen years. The problems faced by cities like Lucknow, Allahabad, Tiruchirapalli today may be faced by numerous smaller cities by 2000 AD. Accordingly, no single model can be applicable to the whole country although certain essential features would have to be common all over the country because of improved means of transport and communication available to criminals.

(Para 62.32)

65.18. Of the answers to the police problems that are developing the most important is self-policing. Self-policing means (1) taking adequate preventive measures to protect life and property; (2) resisting an attempt on life and/or property, should it take place in spite of preventive measures undertaken by exercising the right of private defence, and (3) active involvement in the processes of the criminal justice system. The present practice of police, however, is a hindrance to self-policing in the sense that the right of private defence cannot be exercised by a person without running the risk of prosecution by police and conviction by a court of law.

(Paras 62.33 and 62.34)

65.19. The various sub-systems of the criminal justice system have to be harmonised structurally so that they may work together for the common objective of protecting society from such acts of individuals or groups of individuals as can damage it. At present the sub-systems are at cross-purpose and a frequently visible posture is confrontation.

(Paras 62.35 and 62.39)

65.20. As the entire work of the Commission has been about the response of the police, in the preceding chapters of various reports it has already been suggested how the Police is to be prepared for the problems and challenges it is facing and will have to face.

(Para 62.40)

65.21. While the constant endeavour has been to prepare the police for the new challenges and tasks, factors having a bearing on crime and disorder are complex and any inflexible planning for the future is neither advisable nor possible. Accordingly it is suggested that the Bureau of Police Research and Development and the State Research units must make a periodical analysis of the police problems and the police performance. Such an analysis should take into consideration the projections which had been made in the past and see to what extent they proved to be accurate. If they went awry, what were the reasons for it? Having done so, they would be in a position to say, with an amount of accuracy, about the future. The Central Police Committee and the State Security Commissions that have been recommended in earlier Reports will naturally have a significant role to play in this.

(Para 62.42)

#### Police Act

65.22. For the incorporation of our new recommendations, it is necessary to replace the existing, outmoded Police Act of 1861. A draft new Act has been given as an Appendix.

(Paras 63.1 and 63.2)

65.23. We recommended that the Central Government may enact the necessary legislation for the constitution of a Central Police Committee, define its role and functions, and such other details in terms of our recommendations delineated in detail in paragraph 58.24 of our Seventh Report.

(Para 63.3)

(Sd./- N. Krishnaswamy  
Reddy)

(Sd./- N. S. Saksena)  
New Delhi,

May 31, 1981

(Sd./- Dharma Vira)  
(Sd./- K.F. Rustamji)

(Sd./- M. S. Gore)

## THE CHANGING PATTERN OF POLITICS

S.V. Kogekar

Indian politics at the end of the eighties showed quite a contrast to what it used to be, say, twenty years earlier. The Congress party which inherited all the strength, good will and organisational efficiency of the pre-Independence 'Indian National Congress' dominated the political life of the country until the sixties. It had chalked out a programme of economic development board on the 'socialist pattern' and devised new institutions like the national Planning Commission to help implement it. Though it functioned like any political party in a democratic polity, it was broad based enough to accommodate many divergent ideologies and interests under its none too rigid programmes and policies of development. Functional interests and ambitions of its leading members at all levels of government were kept from disrupting its organisation by a sense of discipline nurtured by towering personalities whose word was accepted as binding. The party was constantly engaged in reconciling conflicting views and interests leading to a consensus. A sense of national effort and achievement permeated the whole of the Congress system. It has also been observed that the nature of the hierarchical social structure which was traditionally accepted by the people at large made for the ready acceptance of the elite leadership of the Congress by the rack and file of the party. There was therefore not much of a conflict between the institutions of society and those of the state. If anything the latter were made to function in a manner which was derived from the long-established modes of behaviour of the former. The Congress leadership also saw to it that the control over patronage and national resources which political power placed in its hands was used to favour its more vocal or influential followers so as to keep them within its fold and thus strengthen its hold. The system provided both legitimacy and stability for those in authority. Not that there were no contentious issues or mass agitations. The question of re-organisation of states on linguistic lines for instance, did indeed provoke acrimonious debate and even violent agitation. However,

in spite of almost irreconcilable positions taken by people holding opposite views, the Congress party was able to meet the popular demands over a period of time and managed to maintain itself in power. The carving out of a separate state Punjab in 1966 to satisfy the Punjab - speaking people - mainly Sikhs - brought this process to its conclusion, for the time being at any rate.

Twenty years later the picture was quite different since the general elections of 1967, in which the Congress system suffered its first major reverse, it began to decline - a trend which was accelerated by the split in its organisation brought about by the late Prime Minister, Indira Gandhi. The weakening of the old institutions and modes of operation of the Congress party which started from that time continued under Mrs. Gandhi's successor Rajiv Gandhi. Indeed, between the two of them they demolished the old political apparatus of the Congress and let loose forces which have caused alarm and anxiety about the future of Indian democracy. Parties in opposition to the Congress have also not followed a different and a more reassuring path. The picture therefore appears bleak for the future of the Indian polity.

An analysis of this situation in order to find out its causes (and possibly to suggest remedies) is the legitimate task of political scientists. Prof. Atul Kohli of the Woodrow Wilson School of Public and International Affairs at Princeton University has addressed himself to this task. In *Democracy and Discontent*, Kohli has put together considerable empirical data dealing with what he calls the growing crisis of governability in India. Taking government at the three levels of the district, state and centre, Kohli analyses the data collected with a view to finding out what has gone wrong with the political system. For this purpose he has selected five districts (each in a different state), three states and two issues dealt with by the Central Government for all of which he has collected a good deal of empirical data.

The selection of the five districts from the states of Gujarat, Andhra Pradesh, Karnataka, West Bengal and Tamil Nadu, respectively, was

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\**Democracy and Discontent-India's Growing Crisis of Governability* by Atul Kohli, Cambridge University Press, Cambridge, 1991, Pp. xi+420, Price Rs 495/-.

somewhat fortuitous. It was not done either on the basis of their representative character or because of any distinctive contemporary characteristic relevant to the nature of the present study. They were selected because they were also the ones that were investigated by Myron Weiner for his study: *Party Building in a New Nation: The Indian National Congress*, in the early sixties. Though Kohli's study addresses itself to an analysis of the break down of the older system, there is a certain advantage in looking at the same areas to find out how the situation has undergone a change over the intervening quarter of a century. The choice of any other districts could also have been in order but then the advantage of such a comparison would have been lost. The empirical material collected for the study of the emergence and exercise of political power at the district level is useful mainly to highlight the political process at the grass roots or peripheral level of the polity. This part of the study throws much light on the organizational deterioration of the party system, partly because of the personal ambitions of the members of the ruling elite and partly because of the weakening of the caste-structure. The emergence of a new local leadership based on personal popularity greatly undermined the cohesive and integrative role of the older party which itself became highly faction ridden. Ideology was relegated to the background and ceased to combat the growth of sub-group loyalties. Communal conflicts increased and often assumed violent forms. Group conflicts became highly politicised on account of the widespread belief that unless a group becomes politically influential its demands for a share in the resources controlled by the state would not be satisfied. The decline of the erstwhile party structure removed whatever constraint used to be exercised under that structure on the activities of disgruntled or newly emerging political leaders. It was therefore a 'free for all' type of situation and the party at local or higher levels became powerless. In some areas like the districts in Andhra Pradesh and Tamil Nadu, a new local leadership based on the personal popularity of men like N.T. Rama Rao and M. G. Ramachandran respectively completely overthrew the old party structure but failed to build up a new one in its place.

While such developments represent, on the one hand, the success of the democratic system in diffusing an awareness of the opportunities which the ballot box presented to people in the lower rungs of the social ladder to move upwards, on the other hand, they also mark the failure of that system as it contributed to the elimination of discipline and accountability from the political process. The problem of governability arose out of this chaotic state of the polity at the local level. Kohli characterises this situation as an 'authority vacuum' at the periphery of the decision making apparatus of the state. Ambition without organization was bound to make for populism. Populism assured short-term success but it was unsustainable over the long run. Because the populist pronouncements and promises could not be backed up with the capacity to fulfil them, governments lacked stability as well as continuity. The erstwhile leadership which lost its power and pre-eminence often took violent means in an attempt to frustrate the new leadership in its effort to acquire power.

Moving on to the state level, Kohli has selected for collecting his empirical data the states of Bihar, Gujarat and West Bengal. The backward state of Bihar and the comparatively advanced state of Gujarat showed similar trends in their patterns of politics in contrast to the more stable and better organised communist and left front government of West Bengal. A weak Congress organisation in the former states proved unable to contain factionalism and intense power struggles which often erupted in violence between the rival contenders. Bihar and Gujarat show that economic backwardness or advance does not make any difference to the situation. On the other hand a well organised party system as in West Bengal could impart a much greater stability to the government there. West Bengal also went through the breakdown of the Congress system before the advent of the CPM to power. But no such alternative arose to replace the Congress in the other two states. It may be noted here that in Andhra Pradesh and Tamil Nadu where an alternative to the Congress did emerge, in the absence of any effort to build up a party organisation, power became highly personalised in the hands of the new leaders, eventually ending up the Congress

way.

Kohli emphasises that the breakdown of the old structure is due more to political than to socio-economic factors. But one may not be wholly in agreement with him on this issue. In the emergence of new caste-based political parties we find that it is the social structure which provides the initial impulse to the formation of these parties. Made conscious of the importance of their numbers by the scramble for new vote banks by factional leaders and the awareness of the political route to their own advancement, caste seems to be the natural rallying point for the formation of new groups. The irony of the situation is that those who in the pre-Independence period nurtured the dream of a casteless, egalitarian society in Independent India through the Congress movement have been largely responsible for encouraging caste-based politics in their efforts to hold on to power through the creation of 'vote banks' by promising reservations in jobs and educational institutions and a share in the national cake. The political and the socioeconomic factors are thus inextricably intertwined. The Muslims and other minority religious groups were for long wooed as vote banks by promises of non-interference in their personal law in spite of the constitutional directive for enacting a common civil code. Now one suspects attention is being increasingly directed to exploiting the women's vote under the laudable objective of establishing sex equality. Reservation in local representative bodies, free education and longer employment opportunities as well as a measure of social security are being promised freely to them. With intense politicization of every divisive force, populism seems to be the only way to hold on to, or newly acquire power. In fairness to Kohli it must, however, be said that he does not deny the importance of socioeconomic factors in the Indian polity. Fortified by a mass of empirical data mainly in the sphere of political activity, it is quite natural that he should give greater attention to the political factor. Also the rise of the avowedly caste-based Bahujan Samaj Party led by Kanshi Ram in Uttar Pradesh and elsewhere was a phenomenon which made its dramatic appearance long after Kohli finished writing his book and therefore its significance could not be analysed by him.

Kohli is on solid ground when he goes on to analyse the situation at the Central level and exposes the inglorious contribution of Indira Gandhi and her successor as Prime Minister in dismantling the Congress system. Driven by an insatiable desire for power, Mrs. Gandhi felt no restraint in bending every institution whether within the party or the state to suit her purpose. Appointing party functionaries by nomination rather than election, bypassing state leadership in decision making, encouraging sycophancy, permitting extra-constitutional entities to exercise oppressive authority, bolstering up the role of the executive at the cost of the judiciary and the legislature, preventing by all available means the emergence of potentially rival leadership or creation of a local power base by any of them, led to a highly centralised form of personalised power in the country. As the tendency in the country's political, no less than economic, development has been 'from the top downwards' the example set by Mrs. Gandhi was quickly followed at lower levels. Instead of securing legitimacy on the basis of popular support from below, office-bearers in the party as well as in government looked up to her for retaining their positions. The well-known statement by a sycophantic president of the Congress party that 'Indira was India and India was Indira' correctly reflected the attitude of most followers of the ruling Congress (I). As for building up the mass base for the party, they could not care less. Populist slogans like 'Garibi Hatao' did not come to much in spite of the widely publicised multi-point programmes. They only raised expectations of better life among the teeming millions which were beyond the resources and capacity of the state to fulfil.

Kohli takes up two specific issues dealt with by the centre under the leadership of Rajiv Gandhi for his empirical analysis at that level. The first was the policy of liberalisation of the economy and the second related to the accord with Sikh leaders on the problems of Punjab. Along with liberalisation of the economy, Rajiv Gandhi also tried his hand at removing some of the evils in the organisation of the Congress party by introducing intra-party democracy. High hopes were created at the start of his regime as Prime Minister by the projection of his image as 'Mr. Clean' and by the

acceptance by him of computer technology for improving efficiency. However he was too immature to appreciate the importance of building up wide popular support for the successful implementation of such decisions. While he removed much dead wood and brought in new faces in Parliament and government, in the absence of feedback from a vigorous party structure he could hardly enthuse the mass of people in support of his policies. He surrounded himself with his chums in school and fell an easy prey to their sycophancy and immature advice, the liberalisation policy could be followed only halfheartedly as objections were voiced to it on the ground that 'socialism' was the accepted creed of the Congress and if given up, the people would reject it at the hustings. He tried to riggle out of the situation by making confused and contradictory statements which left everyone in doubt as to what exactly was being attempted. On the score of intra-party democracy, the announcement that party offices would be filled by election led to massive enrolment of bogus members at the grass roots level and the elections were postponed a number of times leaving things much as they were before. Nominations continued as before and were finally treated as the normal way of filling offices. On the Punjab accord, promises were made without proper scrutiny of their implications and such important commitments as the transfer of Chandigarh to Punjab could not be honoured for fear of alienating the state of Haryana. Thus the high hopes raised at the start of his regime were belied by subsequent inept handling of various issues. Ultimately the young Prime Minister seems to have decided to follow the precedents set by his mother and exercised power in a highly personalised way. He shuffled the Council of Ministers a record number of times so as to prevent any of his ministers from making his or her mark on a particular department of government. Intrigues against up and coming chief ministers of states were encouraged so as to make them dependent on the favours of the Centre for retaining their power. Ideology was given a go-by as a method of ensuring cohesion within the party at different levels. Though the elections held immediately on his assumption of power had given him the largest ever support to any Prime

Minister in the Lok Sabha, it could not give him the capacity to solve problems in the absence of a close-knit party structure to back him.

A fall out from this dismal state of affairs was the entry of several undesirable forms of corruption in the body politic. The use of money and muscle power to secure electoral victories became fairly widespread, paving the way for criminal elements to secure elective office, patronage and social prestige. Many politicians driven by competitive factionalism to fend for themselves in electoral contests joined hands with the criminal elements who had their own extra-legal methods of amassing riches for meeting undeclarable election expenses. No doubt there was to be a *quid pro quo* for such services. The rule of law could not be enforced against them. The distinction between moral and immoral conduct became virtually non-existent and a state of anomie seemed to have come to stay. Power became its own end and personal benefit its *raison d'être*.

Populism as the basis for electoral success has had another effect on the attitude of the masses to the role of the State in Society. Those standing lower in the social scale and belonging to the deprived segments of society look upon the state as the provider of all that they lack - education, jobs, public office, perquisites and privileges of various kinds without any corresponding obligation on themselves. Justice is equated with 'distributive' justice. The augmentation of that which is to be distributed rarely figures on their mental horizons. The demands made on the resources which the state can command are inordinately large and can never be met. While promising everything to everybody the populist politicians know the impracticability of those promises. But they are the stuff of populism and the politician rarely sees beyond the immediate or at best short term gains. This gives a direct encouragement to the building up of pressure groups to divert as large a portion of the available national resources as possible towards them. Even such highly paid functionaries as airlines pilots and bankmen do not give a second thought to holding the entire community to ransom by organizing strikes in support of their demands for a still larger share of the national cake. The same

logic works with a caste, religious or ethnic group. The mobilisation of such groups for exerting political pressure without any sense of discipline or national priorities which a well organised political party could instil among various groups at various levels poses a real problem in the governance of the country.

In highlighting such ailments of the body politic Atul Kohli has done an excellent job and placed a wealth of empirical material in the hands of those interested in such studies. The crisis of governability is not likely to be got over without the re-establishment of a viable party organisation rooted in an ideology suited to the long-term development needs of this most populous democracy in the world. At present it appears to be only tenuously held together by populist slogans and practices. What applies to the Congress party applies with equal force to other parties, whether regional or national. Among the non-Congress parties, only the CPM and the BJP appear to be better placed from the organisational point of view. Other non-Congress parties have yet to show evidence of their understanding of the importance of institutionalisation of the party structure, as they are based on the personal popularity of their leaders or an *ad hoc* improvisation of party organisation. Even in regard to the BJP, which poses as a national alternative to the Congress, the question whether its organisational superiority will be matched by the strength of the ideological appeal which it makes to the people is still to be decided.

Arising out of this study, it is interesting to find that institution building has been neglected also in India's neighbouring countries which have formally adopted democratic forms of government. Of course, the reasons in each case are not the same. But the phenomena of unrestrained factionalism, populist measures to secure temporary advantage over rival groups, denigrating existing institutions like the legislature and the judiciary have made their appearance in these countries as well. The Centre for Policy Research in New Delhi has recently [1993] brought out four volumes on the problems of governance in Sri Lanka, Pakistan, Nepal and Bangladesh, respectively which provide a good deal of material on the subject. In spite of the democratic

constitutions which all of them have adopted, these countries, have not been able to evolve a democratic culture in the working of their political systems. Mass uprisings have led to changes in these systems from time to time but stability and legitimacy still elude them. All of them suffer from the growing pressure of population on limited resources, lack of industrialisation, ethnic and/or religious conflicts, pressure from foreign aid-givers and, except in the case of Sri Lanka, inadequacy of educational and other social services. The neglect of building up institutions from the grass-roots levels upwards arises from diverse reasons. In Pakistan, for instance, it is the Army which looms large behind the faltering civilian government which always feels unsure of itself. In Sri Lanka it is the ethnic conflict between the Sinhalese and Tamil elements and the extreme positions taken by them regarding the basis of a settlement of the problem. In Nepal, the hang-over of the partyless panchayat regime dominated by the King before the transition to the present multiparty system militates against the acceptance of the logic of that system together with the existence of intense factionalism in government. In Bangladesh, the heavy dependence on foreign aid for development has made all rational institutions of decision-making irrelevant from the point of view of various functionaries. The law is interpreted differently to suit the interests of the persons in charge of government agencies and the whole system lacks any coherence.

The whole of South Asia thus seems to be faced with the crisis of governability. Unless the leadership in these countries lends itself to the creation of a consensus in favour of building up appropriate institutions within the party and the state, the long term prospect of securing stability and credibility for the functioning government appears very dark.

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REVIEW ARTICLE\*

DR. AMBEDKAR AND EMPOWERMENT  
CONSTITUTIONAL VICISSITUDES

B.P. Patankar

The goal of the upliftment of backward classes has been uppermost in India's national consciousness for more than a century now. One of the persons most intimately involved in the struggle for this upliftment was Dr. Ambedkar. As part of the celebration of his birth centenary year (1991-92), the University of Poona organised a seminar on Dr. Ambedkar's legal philosophy and on the related contemporary thoughts. Some of the papers presented at the seminar, and some more contributions elicited from scholars of eminence, have been put together and published under the title, *Dr. Ambedkar and Empowerment- Constitutional Vicissitudes*. The essays concentrate on three topics: (a) Dr. Ambedkar and constitutionalism, (b) Dr. Ambedkar and social justice, and (c) Dr. Ambedkar and federal equilibrium. The book has thus three parts, with a foreword, a preface and an introduction added.

Since the book is devoted to Dr. Ambedkar, much attention has been paid in it to his life, his personality and his ideas. Writers have made a good deal of effort to interpret his thoughts. They have also extended the discussion to cover contemporary developments. Justice P.B. Sawant has in his foreword 'thought it appropriate to deal with (Ambedkar's) overall philosophy'.

There are three main aspects of Ambedkar as a man, which come to the fore. The first is that as a born member of the out-caste section of the Hindu society, he had a first hand experience of the indignities suffered by that section and a more realistic assessment of the potential of the emancipatory movements of his times, movements which were an amorphous mixture of nationalism, the glorification of Hindu culture and a liberal thought which was not keen at all to force a social change. The glorification of the Hindu culture entailed some sort of justification of the *varna* system, supposed to have been created by God himself. Even Mahatma Gandhi, though he identified himself with the lowliest of

the lowly, had some good words to say about the *varna* system, a matter which draws the ire of some leaders of the backward classes even today. Many of Ambedkar's ideas were a response to this particular situation. His struggle for separate electorates and his espousal of state-socialism were rooted in the belief that the go-easy methods of liberal democracy would not be able to achieve justice for the members of his community. But Ambedkar himself had imbibed the values of liberalism through his education in the West, so that his struggle for the emancipation of the scheduled castes was carried on in a liberal way, with a readiness to compromise. It is through this readiness to compromise that he lost out to Mahatma Gandhi on the question of separate electorates. Ambedkar called Gandhi's fast on this issue as unheroic and an adventure, a foul and filthy act (p. xxxiii). Yet he compromised. Upendra Baxi has examined this episode and the various reactions to it in detail and observed that 'in the ultimate result, the untouchables, so history may record, are the immediate and perhaps long-term losers' (p. 34).

When Ambedkar became the Chairman of the Drafting Committee of the Constituent Assembly, his liberal ideas, his rationalism and nationalism, his quest for liberty, equality and fraternity, showed in his work in that sphere also. In spite of his preference for state-socialism, he was fully committed to parliamentary democracy and the rule of law.

His effort for social justice through social action as distinct from state action led him to an examination of religion, which was a great motive force in India. He found the Hindu religious system totally unredeemable and was convinced that only Buddhism, or the *Dhamma* propounded by Buddha, could answer to the needs of the Indian society. He therefore embraced Buddhism and persuaded hundreds of thousands of his followers to do so.

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\*Vibhute, K.I., (Ed.), 1993; *Dr. Ambedkar and Empowerment-Constitutional Vicissitudes*, University of Poona, Pune, Pp. lxiii+304, Price: Rs 200/-.

These are the principal facets of Ambedkar's personality. Upendra Baxi has done a more detailed delineation and brought out seven Ambedkars, including a scholar and an activist journalist.

### *Ambedkar and Constitutionalism*

We now come to the chief work of Ambedkar, the framing of the Indian Constitution. There is a certain amount of hyperbole in saying, as some have done, that Ambedkar single-handedly framed the Indian Constitution. As Dr. T.K. Tope has noted, Ambedkar was not free to prepare the draft of the Constitution according to his own ideas; he had the Government of India Act, 1935 before him in addition to the reports of various committees appointed by the Constituent Assembly and he was required to convince his colleagues on the Drafting Committee about the need of a particular provision in the Constitution. Ambedkar himself said in the Constituent Assembly that liberty, equality and fraternity had now become part of the nation's mental make-up and what was needed was firm attempts for their translation into policy (p. 43). Due credit has however been given to Ambedkar by almost every writer by referring to his views and his contribution in each matter under discussion.

Among the prominent features of the Indian Constitution, the foremost is the chapter on Fundamental Rights. Within that chapter also, the most important Article, in the opinion of Ambedkar himself, is Article 32 which, on the one hand, provides a right to every citizen to move the Supreme Court for the enforcement of his fundamental rights and, on the other hand, empowers the Supreme Court to issue appropriate directions or orders or writs for such enforcement. Another feature of this chapter is that it gives rights not only against the state but also against fellow citizens, such as the right to access to public places and public amenities, abolition of untouchability, prohibition of traffic in human beings and of forced labour. Denial of these rights by private citizens create offences punishable by law. The rights against the state are also not mere

negative liberties, putting restrictions on the state's power over the citizen, but positive instrumentalities in the form of the state's obligation to take action for the enforcement of these rights.

The second prominent feature of the Indian Constitution is the Chapter on Directive Principles of State Policy. These Directive Principles lay down that the state shall strive to promote a social order in which justice, social, economic and political, shall inform all the institutions of national life, the state shall endeavour to minimise/eliminate inequalities in incomes, status and opportunities, to secure for every citizen adequate means of livelihood, to protect children from abuse and abandonment, to secure a just legal system with free legal aid to the poor, secure just and humane conditions of work, maternity relief, etc.

The Indian society being essentially unequal and hierarchical, the Directive Principles obliged the state to take positive action to wipe out these inequalities, which are a negation of justice. This requirement often clashed with the concept of equality in law and with the principle of non-discrimination. Any positive action by the state for a more equitable distribution of wealth went against the fundamental right to hold on to one's property or the right not to be discriminated against in the matter of education and public employment. A conflict therefore developed between the fundamental rights of a citizen and the directive principles laid down for the state. The very first amendment of the Constitution had to address itself to this problem. The ninth schedule to the Constitution came into being, listing laws placed beyond the pale of the judiciary, and went on growing amidst much criticism from the advocates of fundamental rights. In spite of such criticism, the executive went on to get the approval of Parliament to the 25th Amendment, making Directive Principles constitutionally superior to Fundamental Rights. This conflict has not been dealt with at all in this anthology. There is only a simple sentence by Justice Kantharia on this subject: 'In my opinion, times have now come that we should incorporate the Directive Principles in Part III of the Constitution if we are to realise and achieve our constitutional goals of socialism, secularism and democracy through the

instrumentality of law' (p. 145). None of the contributors to this anthology represents the political side to the issue. An interface between the legal community and political community would have been more instructive.

The form of government which the Indian Constitution chose was parliamentary democracy based on universal adult suffrage, giving political equality to every citizen. Ambedkar preferred the parliamentary system to the presidential system on the grounds that while the presidential system gave more stability, it was the parliamentary system which provided daily and periodic accountability of the government to the people's representatives. Ambedkar was not in favour of proportional representation because, firstly, the largely illiterate population of India would not be able to understand the niceties of the system and, secondly, it could possibly lead to the emergence of splintered groups in the Parliament, making it difficult to form a stable government. Ambedkar advocated a federal set-up of government for India because of her diversity of languages, religions, regions, etc. However he was not in favour of Panchayat Raj, since he saw it as reflecting the conservatism, superstition and casteism of our society. Justice Deshmukh says that it was for respecting the feelings of Mahatma Gandhi that he agreed to accept the village panchayat as the smallest unit of self-government, which is reflected in Article 40 of the Constitution (Directive Principles). In this sphere also, this anthology does not bring out the further developments, i.e., the central government's efforts to strengthen the panchayat raj system. In the Ambedkar centenary year, a legislation for this purpose was already on the anvil.

#### *Ambedkar and Social Justice*

What the basic form of the Constitution meant for social justice has been examined in this anthology in great detail. The term social justice includes everything that the state is required to do in pursuance of the Preamble, the fundamental rights of the citizen and the directive principles of state policy. The instrumentality by which social justice is to be achieved is the federal mechanism, which has also been examined in

detail in another chapter. Before we survey these writings we must take note of one point, which is that the nation has first to survive in one piece and public order has to be maintained. This requirement also comes into conflict with the freedom and the fundamental rights of the citizen and with the fullest devolution of power to the constituent units of the federation. The Constitution itself provides for the curtailment of fundamental rights and of the autonomy of the states in times of emergencies. We shall see as we go along as to how the contributors to this anthology have looked at the problem.

Social justice means helping the weaker sections of the society to come up to the level of the stronger sections. While the Constitution gives legal equality to everybody, much positive action is needed to bring about real equality. One necessity is to ensure the representation of the weaker sections in the legislatures and in public services. While Ambedkar was initially in favour of separate electorates and only reluctantly agreed to reserved seats in joint constituencies, by the time the Constitution was framed, he was reconciled to this arrangement. The reservation of seats in the Parliament and in the state legislatures were to be there only for a period of ten years but have been continued from time to time. Justice B.N. Deshmukh is apparently not in favour of the continuation of these reservations. He says, 'It is now fifty years that we have continued the reservation ... by amending Art. 334 from time to time and still the end of reservation is not in sight' (p. 20).

Being in a permanent minority is also a permanent weakness. In India there are permanent communal and caste-based majorities/minorities as well as religious and linguistic ones. J.M. Waghmare raises the question as to what was Ambedkar's solution for this permanent majority/permanent minority situation. He says that Ambedkar's solution was abolition of castes and secularism. Now, the abolition of castes is a long-term goal. In the interim, one has to recognise castes/classes and then try to help the backward classes to come up. One has also to recognise the existence of other types of minorities. Ambedkar took the stand that it was wrong for the majority to deny the existence of minorities

and it was equally wrong for the minorities to perpetuate their minority character. M.D. Nalwade has examined Ambedkar's views in this regard and how these were projected in the debates in the Constituent Assembly and in the Constitution itself. The Constitution had to recognise, as a first step, the existence of minorities and to provide for the protection of their identities. Nalwade and Thrity Patel have examined the debates in the Constituent Assembly and the actual provisions in the Constitution providing for the safeguard of the minority rights regarding (a) conservation of their own language, script or culture, (b) establishing their own educational institutions, (c) such institutions being treated at par with other educational institutions for the purpose of state aid, and (d) the right of a citizen not to be denied admission to any state-maintained or state-aided educational institution on grounds of religion, race, caste or language. Thrity Patel has examined the judicial interpretations of these provisions. Her conclusion (p. 225) is that judges have not been consistent in their approach and that decisions differ from case to case and from judge to judge. She also finds fault with the minorities who, she says, are encouraging separatism, are holding on to their minority status only for enjoying the privileges and 'in the garb of exercising their rights, *ruling the majority* (emphasis added)'.

The question of permanent majorities and permanent minorities has currently become more acute than ever, giving a set-back to the move towards secularisation. The Supreme Court has recently dealt with this question while adjudicating upon the validity of the dismissal of three state governments by the President. How the permanent religious majority in India is going to react to the Supreme Court's opinion, how it is going to use its majority power and how far the safeguards given to the minorities will be under attack are matters on which it is difficult to speculate. One particular area of conflict is the personal law of the Muslims. The Supreme Court's decision in the Shah Bano case, its near-nullification by the Parliament and the Allahabad High Court's recent verdict in a Muslim divorce case have led to much bitter wrangling. In this area of personal law there is

hardly any scope for the minority 'ruling the majority'- the picture drawn by Thrity Patel. Ambedkar's view was that 'the moment the majority loses the habit of discriminating against the minority, the minorities can have no ground to exist; they will vanish' (p. xli). At present there seems to exist a strong tendency in a section of the majority community to use its majority power to the disadvantage of the minorities and there are also sections in the minorities that seem to be interested in perpetuating their minority status.

Reservation of jobs for the backward classes has also been one of the positive actions taken by the state. Uttara Shastri, after explaining the spirit in which provision for such reservations was made in the Constitution, says, '... if we evaluate the contemporary politics of reservations, it seems we are stretching reservations beyond the intended limit'. She also argues that if we continue to extend protective discrimination to whole groups than to individuals, not only will the benefits not reach the really needy, but we will be perpetuating caste as the unit of social structure. J.M. Waghmare however observes that the recommendations of the Mandal Commission are based on the grim realities in our country and that the reservation policy was for the *elimination of disparities* (p. 95, emphasis added). The Supreme Court's judgements throwing light on the meaning of the various clauses of Articles 15 and 16 have been examined by Y.D. Phadke, who says that if the Union Government succeeds in taking prompt and effective action for the identification of the backward classes eligible for job reservations from time to time, it would go a long way in improving the lot of the backward classes. S.P. Sathe has covered the same ground and says that the Supreme Court has left many questions unanswered and those will have to be solved through the political process.

Social legislation is the third area in which positive action has been taken by the state. This includes the creation of a mechanism to oversee the working of the safeguards and privileges granted to the 'Scheduled Castes and Scheduled Tribes', 'socially and educationally backward classes', 'weaker sections of the people' and 'minorities'. The legislation as well as the

mechanism have been continuously strengthened. As of now, we have the legislations: The Bonded Labour System Abolition Act, 1976, the Protection of Civil Rights Act, 1976 (PCRA), and the SCs and STs (Prevention of Atrocities) Act, 1989 (PAA). As regards mechanism, we have a National Commission for Scheduled Castes and Scheduled Tribes and a National Commission for Minorities for monitoring the working of the safeguards, investigating complaints, undertaking studies about the actual conditions and making recommendations for further action. The central and state governments have to place before the respective legislatures what action is taken or proposed to be taken on the recommendations of these Commissions. Article 340 of the Constitution empowers the President to appoint a Commission for investigating the conditions of the socially and educationally backward classes and for making suitable recommendations for the betterment of their conditions. The Mandal Commission was the second such Commission appointed by the President and its recommendations are in the process of being implemented.

A question has been raised whether all these measures have made any dent in the problems faced by the Scheduled Castes, Scheduled Tribes, or other backward classes. K.I. Vibhute has examined the performance of these measures. He points out that the central government itself has officially admitted that despite various measures to improve the socio-economic conditions of the Scheduled Castes and Scheduled Tribes, they remain vulnerable and are subjected to various offences, indignities, humiliations and harassment. Justice Krishna Iyer has been quoted as saying that the legislations have proved to be paper tigers. N.R. Madhava Menon has also noted that despite all the legislative provisions and the special enforcement agencies, the incidence of crimes against Scheduled Castes continues unabated. One of the reasons according to him is that the police are still invoking the Indian Penal Code rather than the PAA. According to a report of the Commissioner for Scheduled Castes and Scheduled Tribes (p. 199), there are three main reasons for the perpetration of atrocities: (a) disputes regarding distribution of government

land or surplus land to landless Scheduled Castes or Scheduled Tribes persons, (b) insistence on minimum wages, and (c) resentment against the awareness on the part of Scheduled Castes and Scheduled Tribes about their rights and privileges. This means that there is a new situation arising out of the very efforts of the state and of the backward classes themselves to enforce the emancipatory measures. One need not therefore take a negative attitude and conclude that the emancipatory measures have had no effect. The reaction of the vested interests should not surprise us nor should it lessen our faith in the ability of the liberal political process to overcome this reaction in due course. In fact, this liberal process is trying to find new strategies to make itself successful. As N.R. Madhava Menon has pointed out, most state governments and Union Territory Administrations have, at the instance of the Commissioner for Scheduled Castes and Scheduled Tribes, accepted the immediate granting of monetary relief to the victims of atrocities. In 1983, the Supreme Court ruled that a person whose right to life and liberty has been violated by the state is entitled to compensation. The Court has recently admitted a public interest petition for the grant of compensatory relief in cases where private citizens had committed atrocities. N.R. Madhava Menon rightly feels that if the legal community can rise to the occasion and use their creativity in forging (such) new tools and remedies, a new legal culture and a new jurisprudence relevant to the situation may emerge in the not too distant future.

That is the answer to the question raised by Ambedkar himself and put forward by Upendra Baxi: Does liberal democratic politics in a society like India have any redeeming emancipatory potential for *atisudras*?

#### *Ambedkar and Federal Equilibrium*

This is the third topic discussed in the anthology. Four contributors have participated in the discussion. That India needed a federal constitution had almost become an axiom when India attained independence. So a federal Constitution came to be drafted. The contributors to this anthology have therefore dealt with the

specific problematic areas and the general direction in which federalism should further develop.

P.M. Bakshi has dealt with 'Legislation in the Concurrent List'. A concurrent list has been considered desirable for three purposes: (i) to secure uniformity in the main principles of law throughout the country; (ii) to guide and encourage efforts at the state level; and (iii) to provide remedies for mischiefs arising in the state sphere but extending beyond the boundaries of a single state. Since the state as well as the central governments will enact laws on matters included in the concurrent list, there will be cases in which the state laws will be repugnant to the central laws. Art. 254 of the Constitution provides that in such cases the central law will prevail and the state law will be treated as void. The effect of this Article has been examined by the Supreme Court, which has evolved some guidelines to determine the cases of repugnancy. According to Bakshi, the widely accepted view seems to be that the question of repugnancy arises only when the legislation is on matters included in the concurrent list and that when legislation concerns matters outside the concurrent list, a state law or a central law can fail only on grounds of legislative competence and not on grounds of repugnancy. Further, a state law relating essentially to a matter in the state list and only incidentally touching a matter in the Union list is not necessarily void if its 'pith and substance' falls in the state list. The same applies to a central law.

T.K. Tope has dealt with President's Rule under Article 356 of the Constitution. He has described the misgivings which this Article created even at the time of the drafting of the Constitution. Ambedkar agreed that he could not deny the possibility of this Article being misused but he said that Article 356 was to be used only for the legitimate purpose of carrying out the duty imposed on the central government by Article 355, that of ensuring that the government of every state is carried on in accordance with the provisions of the Constitution. Ambedkar hoped that such articles will never be called into operation and they would remain a dead letter. But this Article has been used about 86 times till 1992 and every time there has been an allegation that it has

been misused. Recently the President's proclamation taking over the governments of Rajasthan, Madhya Pradesh and Himachal Pradesh was tested in the Supreme Court. While T.K. Tope has 'submitted' that the proclamation was based on irrelevant grounds and was also malafide, the Supreme Court, as it turned out later, found the particular proclamation quite in order, though the Court faulted some earlier proclamations.

R.G.B. Bhagawath Kumar has examined the 'tensions in centre-state relations', which, he explains, are in three areas: (i) imposition of President's Rule, (ii) demand for more fiscal autonomy for the states, and (iii) regional disparities. Bhagawath Kumar says that the imposition of President's Rule has not been 'in tune with the thoughts of Ambedkar'. Since Ambedkar had hoped that Article 356 would remain a dead letter, one can readily agree with Bhagawath Kumar's statement without in any way committing oneself on the question of merits. As regards the dissatisfaction of the states with regard to financial relations, Bhagawath Kumar has mentioned the findings of the Sarkaria Commission that the dissatisfaction was on four grounds, viz., (i) inadequacy of the tax resources allotted to the states, (ii) the resources being inelastic and the tax-base narrow, (iii) the Constitution having put on the states the responsibility of building infrastructure, which does not yield immediate or direct returns, and (iv) increase in the cost of administration and of the maintenance of law and order. Bhagawath Kumar however sees merit in the counter-argument that the states are really not tapping their resources adequately, does not think that state autonomy has anything to do with development, and fears that state autonomy would make the rich states richer and the poor states poorer. 'It is therefore submitted', he says, 'that the existing constitutional arrangements are basically sound and no radical changes are necessary'.

The *pièce de résistance* of this Part III of the book is Justice V.K. Krishna Iyer's essay entitled 'Dialectics of Redistributive Justice: Federalism vs Autonomy'. It is more an oration than a homely discourse. It is clear from the very title of the essay that Justice Iyer is not satisfied with the existing extent of federalism. He wants further devolution

of power to the extent of autonomy. In fact he implies that an unreserved acceptance of the fundamentals of federalism must lead to the term 'We the People' used in the Preamble to the Constitution, being understood in the most distributive sense - people distributed in their diversity of life and thus making up a fraternity of several sub-national autonomies. Such an idea, he says, is 'uncomfortable for those intoxicated with bullet-proof authority'. For him, 'the tragedy of the post-swaraj era is that the viceregal complex and colonial pathology of imitating things and thoughts British .... the behaviour-core of the Empire, dies hard, come Nehru, come Narasimha Rao'. What Justice Krishna Iyer advocates is a 'fine-tuned federal state, decentralised democracy and an unorthodox but creatively futuristic autonomy'. Lest his ideas should be looked upon as heresy, he retorts with absolute confidence that 'All great truths began as blasphemies'. On the basis of that great truth, he examines the unrest in Punjab, Kashmir, the North-Eastern states and various areas like Jharkhand and Chhattisgarh. He supports the demand for Sikh autonomy made in the Anandpur Sahib Resolution. He cites the support which Jay Prakash Narayan gave to the 'Punjabi-speaking province'. One wonders how people can equate Punjabi Subha with Sikh autonomy. The problem about granting autonomy to the Sikh is: what to do with the non-Sikhs who are scattered through-out what the Sikhs call their home-land and who are almost as numerous as the Sikhs. As regards the tribal areas like Jharkhand and Chhattisgarh, the problem is no longer the protection of tribal identities. Justice Krishna Iyer has quoted A.L. Raj as saying: 'From being a struggle of tribal masses to preserve ... their distinct ethnic culture, identity, ... the Jharkhand movement has ... slowly but steadily been transformed into a movement for the development of the tribals, much along the same path as that of their non-tribal neighbour. This is the first ideological victory of the dominant communities over the tribals ...'. Now, if the nature of the movement has changed because of an interaction between two communities, there is no point in harping over the past character of the movement. The change in the Jharkhand movement should also make us think whether tribal movements in other parts of

the country aren't also headed in the same direction - more concern for development and economic security than for tribal identities. For all our solicitude for these identities, they may just be being on their way out. The problems about Assam and other North-Eastern States are also not so much about autonomy as about economic exploitation by outsiders. To reduce the problems of all these areas to ethnic dimensions would be to be blind to the forces of integration. Moreover, the grant of autonomy to ethnic groups *a la* the Soviet Fundamental Law, which Justice Krishna Iyer evidently admires, or *a la* the Yugoslav Constitution admired by people like the late Din Dayal Upadhyaya, does not promise much. Yugoslavia and the USSR have disintegrated and many constituents of those countries are now engaged in bloody ethnic wars. If one takes into consideration that in the richer Western Europe, the historical forces are pressing towards integration, one can even put forward a hypothesis that the ethnic wars in Eastern Europe are not a result of ethnic incompatibilities but of a failure to build a *prosperous* commonwealth.

### Conclusion

To sum up the post-Ambedkar situation, we find certain conflicts inherent in the situation and not necessarily the product of political incompetence. An individual's right to reap the full benefits of his talents clashes with the need for social justice. One community's claim for autonomy clashes with the corresponding claim of another community inhabiting the same geographical area, the autonomy claim of a region clashes with the responsibility of the centre to protect the basic structure of the Constitution throughout the country and to correct regional imbalances in economic development. The Executive's perception as to what is right clashes quite often with the Judiciary's perception. Nobody's views need be taken as final in these matters. This anthology has done well to bring out various shades of opinion. The politician has of course often been condemned without being given a hearing. But one does get to know the politician's case from other sources.

## A MODEL OF DEVELOPMENT AND ITS FISCAL FALLOUT

Anand S. Nadkarni

The story in the monograph under review begins with a reference to recurrent fiscal crisis which the Government of Kerala faced throughout the 1980s. 'The problem got so aggravated during the Seventh Plan that in December 1987, following prolongation of its overdraft beyond the mandatory seven day limit, the Reserve Bank of India suspended treasury payments on behalf of the Government of Kerala' (p. 1). In this monograph the author, K. K. George examines in some depth the question 'whether there is any structural relationship between the Kerala pattern of development and the State's perennial fiscal crisis' (p. 2).

*Fiscal Crisis: The Deficit Scenario*

In fact, a crisis situation has come to characterize the governmental finances in almost all the states in India in recent times, not to speak of those of the Central Government. This is symptomized by the emergence of recurrent deficits in states and union budgets. The fiscal crisis in Kerala, we are told, has been much more serious than in other states. Here the deficit has appeared frequently and its magnitude has been larger than elsewhere. The author makes a comparison of the Kerala situation in respect of deficits with that for all states taken as a group, referred to in the monograph as *All States*, comprising 22 States excluding the ('recently formed') states of Goa, Arunachal Pradesh and Mizoram (Table II-1, note 3, p. 19).

In respect of budget deficits George argues that the 'disturbing differences between Kerala and All States' are signified, *inter alia*, by the fact that unlike in the case of All States 'origin of Kerala's problem dates back to the Fifth Five Year Plan period itself' (p. 14). This is unlikely to carry conviction as the scenario in the 1980s could be interpreted to give the opposite impression. During the ten-year period All States had budget deficits in 9 years compared to 7 years in Kerala (Table II-1, p. 19). One could then argue that in the 1980s budget deficit was a more frequent

phenomenon in All States than in Kerala. Does it warrant the conclusion that the problem was more serious in All States than in Kerala? In fact, this type of comparison made upon the basis of the year of origin of the budget deficit, or of the number of years in a decade it appears, tells us little about the relative degree of severity of the problem. Probably a comparison rooted in the ratio of budget deficit to, say, State Domestic Product (SDP) or, say, to total governmental expenditure would be more meaningful. No data on these ratios are provided in the monograph.

The author is on a much firmer ground when he analyses the problem of revenue deficit, which, in fact, represents the more basic malady of the system of governmental finances in India in recent years. The author presses into service data on various aspects of the revenue deficit situation in Kerala and All States to highlight the relative gravity of the budgetary problem in Kerala. During 1974-75 to 1983-84 (a period of ten years) All States had a revenue surplus throughout the period. This surplus yielded resources to All States to finance a portion of capital expenditure, reducing in the process governmental dependence on borrowing for the purpose to that extent. Kerala, on the other hand, had a revenue deficit in four of the ten years. It is true that during the three recent years, 1987-88 to 1989-90, All States also had, like Kerala, deficits on revenue account. All the same, the ratio of revenue deficit (a) to revenue expenditure and (b) to capital receipts, made up of 'Receipts in Public Accounts, Loans from the Centre, Market borrowings and Negotiated Loans' (Table II-3, note 2, p. 21), was higher in Kerala than in All States in each of the three years. In fact, about one-fourth of the capital receipts of the Kerala Government were required to cover revenue deficits in these three years; the corresponding proportions in the case of All States were much lower (Table II-3, p. 21). This conclusion is reinforced by data on proportion of revenue deficit to SDP during the Seventh Five Year Plan period in 14 major States (excluding Assam), to be found elsewhere [Bagchi and Sen,

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\**Limits to Kerala Model of Development*, by K.K. George, Centre For Development Studies Monograph Series, Trivandrum, 1993, Pp. 137, Price Rs. 60.00



1992, Table 2.11, Col. 7, Pp. 80-81]. All these States, except Bihar and Haryana, had deficits in their revenue budgets, and among the revenue deficit States the ratio of revenue deficit to SDP was the highest in Kerala at (-) 1.95 per cent.

According to the author, '(w)ithin the revenue account itself, Kerala's budgetary problem has its origin in the non-plan account, unlike in the case of All States' (p. 15). This probably means that, in the author's view, non-plan revenue deficit constitutes the major component of the total revenue deficit (plan and non-plan) in Kerala, which is not the case with All States. If we consider the overall revenue budget position during the Seventh Plan, we find it to be one of deficit, both in Kerala and All States [Aiyar and Kurup, 1992, Table 9.4, p. 473]. On the other hand, from data in Table II. 4 (p. 22) in the monograph it is seen that during each year of the Seventh Plan, Kerala had non-plan revenue deficit whereas All States had non-plan revenue surplus except in 1989-90 (these were budget estimates). All this seems to bear out the contention of the author. There is, however, a caveat to be entered.

Both the Planning Commission and the Finance Commission conventionally treat the additional revenues mobilised during a plan period by raising rates or by widening tax or non-tax bases, as being intended for financing plan and *not* non-plan expenditure. For want of separate (accounts) data for additional revenue mobilisation (A.R.M.) (p. 24, footnote 5), this could not be adhered to by the author in his calculation of non-plan and plan revenue deficit in Kerala, shown in Table II. 5 (p. 23). The figures of non-plan receipts (used to estimate non-plan revenue deficits) 'are inclusive of additional revenues mobilised during the plan periods' (p. 17). As such, the figures of non-plan revenue deficits in Kerala in Table II. 5 are underestimates. By the same logic plan revenue account deficits are evidently overestimated; these show as in Table II. 5 the difference between 'State's revenue plan expenditure (including expenditure on Central and Centrally Sponsored Scheme)' and *only* the 'Central Plan grants (including grants for Central and Centrally Sponsored Schemes)' (Pp. 16-17). In other words, the true non-plan

deficits on revenue account (leaving out the A.R.M. receipts) in Kerala are larger and corresponding true plan revenue deficits smaller than those shown by figures in Table II. 5. As for All States Table II. 4 of the monograph gives information on non-plan revenue surplus/deficits but there are no data for plan revenue surplus/deficits for All States in Table II. 5. Since, however, we have information on overall surplus/deficit on revenue account in All States [Aiyar and Kurup, 1992, Table 9.4, p. 473], we could determine for All States the size of plan revenue surplus/deficits. We find that during the Seventh Plan period there was deficit on plan revenue account in All States. As we have already stated above there were surpluses on non-plan revenue account in All States during the Seventh Plan period except in 1989-90. If for All States A.R.M. receipts are taken away from non-plan revenue account and added to plan revenue account, the true non-plan revenue surpluses of All States will be reduced (except in 1989-90 in which year the deficit will be larger) and true plan revenue deficits of All States will also be reduced. All the same, considering the order of magnitudes of amounts shown in the relevant tables cited above, it is probably not far from the truth to infer that the source of overall revenue deficit during the Seventh Plan was in the non-plan revenue account in the case of Kerala and in the plan revenue account in that of All States.

#### *Kerala Model of Development*

As stated above, the author of this monograph is examining the hypotheses that 'Kerala's perennial fiscal crisis' is structurally related to the Kerala model of development. This model of development is characterized, *inter alia*, by a specific pattern of public expenditure. 'The basic difference between the pattern of expenditure of Kerala and All States lies in the substantially higher share [in Kerala] of social and community services in the total expenditure as compared to the share of economic services. This difference in priorities in State's expenditure which led to the Kerala model of development explains all other differences between the State's budget and the budgets of All States' (Pp. 83-84). During the

period 1974-90, spanning the Fifth, Sixth and Seventh Plans the share of social and community services in the total budgetary expenditure in Kerala was between 40 and 43 per cent as against between 30 and 32 per cent in All States (Table V. 18, p. 100). On the other hand, in the case of economic services, the share in Kerala's expenditure was 28 per cent in the Fifth and Sixth Plan periods, which declined to 24 per cent in the Seventh Plan period. The corresponding proportions for All States in the respective plan periods were 41, 40 and 38 per cent (Table V. 21, p. 102). In both Kerala and All States the dominant share under social and community services went to 'education, art, culture and scientific research'. This category of services accounted for 27, 24 and 22 per cent of *total* budgetary expenditure in Kerala during Fifth, Sixth and Seventh Plans respectively, as against 15 to 16 per cent in the case of All States (Table V. 19, p. 101). In fact, in Kerala as well as All States the share of education etc. and health services - 'medical and public health services (including water supply and sanitation)' (p. 84) - together made up the bulk of expenditure on social and community services, mostly over 80 per cent in Kerala and less than 75 per cent in All States.

There seems to be a general agreement, echoed in this monograph as well, that the Kerala model of development has effected 'spectacular improvements in quality of life' (p. 2) in the state. It appears from the data available that '(d)espite its poverty, Kerala displays a set of unusually high development indicators,...and stands out among low-income countries and in comparison with the rest of India' [Franke and Chasin, 1992, p. 10]. Some of these indicators are adult literacy rate, life expectancy, infant mortality and birth rate. In respect of each of these indicators Kerala's performance has been significantly better than that of India as a whole and of low-income countries, excluding China and India [Franke and Chasin, 1992, Table 1, p. 11]. Interestingly, even according to the Human Development Index of UNDP Report of 1992, Kerala (along with Punjab) showed medium development as against low development for 15 other States in India [UNDP, 1992, p. 23]. A remarkable feature of Kerala's development experience is that in respect of social

development there has been in this state little gender difference or even rural-urban difference, unlike elsewhere in India (p. 4). Evidently, the pattern of public expenditure in Kerala is only a proximate cause of the achievements credited to what is described as the Kerala model of development. There must have been some basic factors accounting for the emphasis placed by the state government on this pattern of its expenditure as also for the efficacy of this approach in producing the beneficial results that seem to have followed. In the writings on this subject there are references to Kerala's special ecology making for relatively even distribution of resources regionwise. [Franke and Chasin, 1992, p. 22; p. 5], matriarchal tradition in the state (p. 5), 'Kerala's long history of international contact and influence' leading to 'the development of a progressive outlook by many of the State's more recent rulers' [Franke and Chasin, 1992, p. 24], 'higher trade union and political consciousness' (p. 122), and so on. Kerala has been enthusiastically described as 'an experiment in radical reform as a modern development strategy' [Franke and Chasin, 1992, p. 10]. We shall not enter into a debate relating to the basic factors. However, the view evidently is that these factors, whatever they be, have contributed towards shaping the ideas about the optimal pattern of public expenditure, which, when implemented, yielded benign results. All the same, as George argues in the monograph, this pattern of expenditure has had certain budgetary implications with a potential to land the state in a fiscal crisis. We shall now turn to these implications. It would be convenient to begin by considering the revenue expenditure side of the budget.

#### *Revenue Expenditure*

A few facts pertaining to the expenditure side, particularly that on revenue account, of the Kerala budget may be noted at the outset. For one thing, the per capita total public expenditure in Kerala during Fifth, Sixth and Seventh Plan periods was higher than that in All States (Table V. 3, p. 90). It is pointed out that capital expenditure per capita as also per capita plan expenditure (under both revenue and capital heads) was consistently lower

in Kerala than in All States (p. 75). This means that 'it is the larger per capita non-plan expenditure, particularly the revenue expenditure of the State, that has contributed to its higher budgetary expenditure' (p. 75).

Since the Kerala pattern of expenditure is weighted in favour of social services, it may be useful to focus on development expenditure in the State budget, made up of expenditures on social and community services and economic services. Furthermore, it is the revenue component of each type of expenditures, social and community services and economic services, which merits attention. Table V. 5 of the monograph (p. 92) brings out that the share of revenue section in the total expenditure on social and community services in Kerala was considerably higher than that in the case of economic services, during the Fifth, Sixth and Seventh Plans. But this was true of All States as well. The crucial difference between Kerala and All States is that the share of social and community services in the total expenditure on revenue account of Kerala in the three Plans was significantly higher than was the case with All States (Table V. 18, p. 100). What is more, this difference is traceable to Kerala's share on non-plan account in the revenue section being larger than that of All States in the three Plans. In fact the share of social and community services in the plan revenue expenditure in the relevant period was *lower* in Kerala than in All States (Table V. 18, p. 100).

Another fact which deserves to be mentioned is the high share of compensation for employees in the consumption expenditure in Kerala state's Final Outlay i.e. direct expenditure on consumption *plus* that on capital formation. Between 1980-81 and 1986-87, compensation for employees ranged between 68 to 76 per cent of the total consumption expenditure of Kerala (Table V. 25, p. 106). This high share of compensation for employees in the State's consumption expenditure has resulted from the high share of social and community services in total expenditure of Kerala (p. 88). In fact, social and community services accounted for nearly 60 per cent of the compensation of employees in Kerala between 1980-81 to 1986-87 (Table V. 26, p. 106). As compensation for employees pre-empts

a large share of total consumption expenditure of the Kerala government, so much less of financial resources are available for inputs in the form of goods and services for the different types of services. In consequence, the State is finding it increasingly difficult to meet rising expenditure requirements on health. The same is true in the field of education (Pp. 124-125; Table VII. 1, p. 130).

The author rightly draws attention to what he describes as 'second generation problems' emanating from the very success of the Kerala model of development; these problems have fiscal implications (p. 121). Kerala has succeeded in prolonging life expectancy. This is a demographic achievement that the state should be legitimately proud of. But in consequence of this achievement the state budget is burdened with a large amount of service pension payments. In fact, for the fourteen major states (Assam excluded) taken as a group, real expenditure on 'pensions and retirement benefits' has been the fastest growing part of expenditure on general administration, as brought out by the data on the rate of growth per capita (at 1981-82 prices) of different items of expenditure on general administration during 1974-91 [Rao and Sen, 1993, Table 4.4, Pp. 88-89]. All the same, it is found that the growth rate for Kerala at 14 per cent was higher than the average for all the fourteen States, viz. 12.9 per cent. It may, however, be noted in passing that the Kerala growth rate is not the highest among these States; it is exceeded by those for Bihar (15.4 per cent), Orissa (14.5 per cent), Maharashtra (15.3 per cent) and Uttar Pradesh (14.3 per cent).

What is more, as the death rate among the old people declines further, the burden on the budget will continue to rise aggravating the fiscal problem. In fact, the 'aged dependency ratio [the number of aged (60+) to the working age population (15-59)] in the State has increased steadily from 11.3 per cent in 1961 to 13.2 per cent in 1981', and 'is projected to go upto 14.1 in 1991 and to 30.9 per cent in 2026' (Pp. 121-122). If we add to this the State's unemployment problem, we realize that a working member of a household has to support not merely the aged and the young, but also the unemployed relatives in

the working age-group. Consequently, the state is called upon to relieve at least partly the tremendous strain on family finance so engendered 'by giving unemployment doles to the young and social security pensions to the aged'. In the absence of substantial expansion of the resource base of the state in the near future it would be difficult for the state budget 'to shoulder this strain on account of its senior citizens' (p. 122).

There seems to be little doubt that the Kerala pattern of public expenditure, weighted as it is in favour of social and community services, has affected adversely the growth in the commodity producing sectors. In fact, 'whatever growth that has been taking place has not been in the commodity producing sectors, but in the tertiary sectors' (p. 2). In fact, Kerala has been described as exemplifying 'a paradox of social development and economic backwardness' [cited in Kannan, 1990, p. 1951], unlike in a number of newly industrialising countries in which growth in GNP goes hand in hand with social development, particularly literacy and enrolment in primary schools.

It has been argued that emphasis on social sectors in the Kerala scheme of public expenditure has had an unfavorable impact on the long-term development prospects of the state as 'social services have low re-investment potential compared with agricultural and industrial development projects and programmes' [Gumaste and Honavar, 1989, p. 225]. This should seem plausible considering that economic services have had ordinarily a relatively larger share in gross capital formation than the social and community services, as evidenced by the data for Kerala given in Table V. 24 of the monograph (p. 105). However, capital formation in this context refers to formation of capital in a physical sense. On the other hand social and community services create human capital resources through expansion of education, health services and so on, with a potential for producing a beneficial impact on long-term development. George makes a reference to 'the indirect economic returns on Kerala's expenditure on education' in the form of

sustenance to Kerala's economic activity provided by migrant remittances or again the beneficial consequences of 'higher health and educational status' of the State following from its important role 'in controlling population growth' (p. 127). The lament in the monograph is that Kerala has not been able to tap adequately the potential of the human capital resources created. This, in fact, leads the author to suggest 'a new strategy of development [for Kerala] based on its human resources'. Under this strategy Kerala should desist from 'trying to catch up with [other States] in 'modern' industries' and become instead 'a pioneer in the 'post modern' skill and knowledge intensive industries' (p. 129).

George agrees that 'the roots of Kerala's fiscal crisis lie in the failure of its economy to grow corresponding to its social development' (p. 135). Though the author does not go into the question of why this is so, he makes a tentative response. One of the factors responsible which he identifies is 'the Centre-State financial and economic relations in the country which...prevented the State from reaping the full benefits of its human development' (p. 136). In fact, a reference to the lack of sympathetic understanding of Kerala's special fiscal problem on the part of the Central Government, particularly the Central funding agencies such as the Finance Commission and the Planning Commission, runs through the monograph as an ever-recurring refrain. Let us now turn to this.

#### *Kerala Model of Development in a System of Federal Finance*

The basic complaint voiced in the monograph in more or less every chapter is that the two Central Funding agencies, viz. the Finance Commission and the Planning Commission, have not, in recommending their awards of financial assistance to states, shown adequate appreciation of the peculiar difficulties of a fiscal nature faced by Kerala, as a necessary part of the working of its unique model of development. In brief, the federal system has somewhat failed to respond commensurately to the specific requirements of

Kerala. The larger recurring expenditure needs of the social and community services, the higher bill for compensation of employees, making a bigger impact on the State budget of increase in cost of living and the fiscal difficulties generated by the second generation problems mentioned above - all these have inflated the expenditure commitments of the state government. No recognition of this fact is to be seen in the awards of the funding agencies, so goes the argument. It is also contended that Kerala gets worst of both the worlds. On the one hand, it is denied 'grants for upgradation of its social services on the ground that Kerala had already attained national standards' and on the other, the State is not shown 'corresponding consideration for its economic backwardness and for its special problems like the educated unemployment,' as the 'tax sharing formulae used by successive Finance Commissions had been based largely on social backwardness and not on economic backwardness' (p. 135).

It is rather surprising that, in the author's view, the tax-sharing formulae of the Finance Commissions are linked largely to criteria of social backwardness and not to those of economic backwardness. If this is true, evidently a State like Kerala which is socially advanced but economically rather backward, would stand to lose. But as it turns out the author's description of the tax-sharing formulae is erroneous. The two major taxes shared by the Centre with the States are non-corporate income tax and union excise. Backwardness criteria, as basis for distribution of tax shares among the states became particularly prominent since the report of the Seventh Finance Commission, in which the criteria applied only to shares from union excise. The later two Finance Commissions, Eighth and Ninth, extended backwardness criteria to non-corporate income tax as well. The array of the more important backwardness criteria employed by one or the other of the last three Finance Commissions with different weights attached to each were: inverse of per capita State Domestic Product (SDP) formula; distance formula (distance of a given per capita SDP from that of the state with the

maximum per capita SDP) and formula of revenue equalization. 'Poverty percentage' was also employed as a distributional criterion. However, it is open to question whether it can legitimately be described as a backwardness indicator. In any case, none of these can be described as social backwardness criteria. The only social backwardness criterion employed, and that too only by the Ninth Finance Commission in its Second Report, was related to the population of Scheduled Castes and Scheduled Tribes in a state, but this was accorded a relatively low weightage. It is thus difficult to subscribe to the author's view that Kerala lost in respect of tax shares as the awards of Finance Commissions were based largely on criteria of social backwardness and not those of economic backwardness.

It is seen from Table IV. 1 of the monograph (p. 65) that the percentage of Kerala's expenditure supported by Central transfers was consistently lower than that for All States during the Fifth, Sixth and Seventh plan periods. Even in respect of per capita Central transfers (statutory and non-statutory together) during the Sixth and Seventh Plan periods, Kerala fared worse than All States (Table IV. 2, p. 65). Does this mean that Kerala suffered relative neglect at the hands of Central Funding agencies, compounding further its budgetary difficulties? Probably, in order to answer this question, we ought to compare Kerala in this respect not so much with All States (22 States) as with states at a comparable level of economic achievement broadly signified by the level of per capita SDP. It is customary in this context to divide states in India (other than the Special Category States) into three categories: High per capita SDP states (Group A); Medium per capita SDP States (Group B) and Low per capita SDP States (Group C) [For example, Sarkaria Commission, 1988, Pp. 333-337; Rao and Mundle, 1992, Pp 127-128]. Under this classification Kerala has consistently been placed in the Group B category. In most classifications, the three other southern States (Andhra Pradesh, Karnataka and Tamil Nadu) also figure with Kerala in the middle group. One sees from the data in the Sarkaria Commission's Report, Part I

[Annexure X. 12, Pp. 329-30] on aggregate Central transfers per capita (in Rupees) to states that the picture in the case of the four southern states is as follows:

PER CAPITA CENTRAL TRANSFERS  
(Rupees)

	Fifth Plan (1974-78)	Annual Plan (1978-80)	Sixth Plan (1980-85)
Andhra Pradesh	310	276	774
Karnataka	268	215	716
Kerala	424	251	776
Tamil Nadu	253	208	781

Kerala does not come out to be a particularly disadvantaged state in Group B (Southern states) in the scheme of Central transfers. This is not to suggest that all is well with Central transfers. It has been pointed out by several scholars that there is a degree of regressivity in Central transfers which follows from a variety of criteria employed by Central agencies for recommending transfers to States. This, however, is a wider issue into which we do not enter here.

George mentions some other aspects of Centre-States financial relations which, in his view, work against the interest of Kerala. It is stated that in Kerala's case 'a larger proportion of its domestic production is sold in the national and international markets'. As such, its fiscal interests are adversely affected by '(t)he legislation restricting states' powers to tax export commodities and the failure to permit imposition of consignment tax' (p. 135). Then again, referring to 'the large inflow of foreign remittances sent by the migrants from Kerala', the author complains: 'In the highly centralised economic system, Kerala had not been able to appropriate for itself the full benefits of these remittances. Under the system of central management of foreign exchange, Kerala had to conform to Central Government's priorities if it were to utilise this scarce resource for its own economic development. In fact, due to the consistently overvalued exchange rate of the rupee till recently, the State had not been receiving even the full rupee value of these migrant remittances' (p. 136). All this seems plausible. But one must go into greater details to find out the extent to

which these factors are likely to have contributed indirectly to Kerala's fiscal crisis, and also to evaluate the changes in policies implicit in these statements. This is beyond the scope of the focus here.

### *Fiscal Discipline*

There is little doubt that the revenue deficits of the centre and the states in India are a symptom largely of lack of fiscal discipline in government finances. Kerala is no exception, and George suggests as much in places in his monograph. Let us consider now this part of the story.

Fiscal indiscipline consists in sacrificing revenue and/or spending more for 'unwarranted' reasons. On the receipts side, one evidence of fiscal indiscipline is the proliferation in government budgets of subsidies defined as 'the difference between the cost of delivering various publicly provided goods or services .... and the recoveries arising from such deliveries' [Mundle and Rao, 1991, p. 1,157]. This means government here is sacrificing revenue receipts by refusing to charge cost-covering recovery rates for public services provided. Such a policy is not necessarily indefensible, but when it yields, as it does in India, unjustifiable benefits to several sections of population who should have been asked to pay more, it symbolizes fiscal indiscipline.

Over the years in India there has been a large expansion in social and economic services, accompanied at the same time by declining recovery rate, *i.e.*, recovery amount as percentage of cost. In consequence subsidies have grown rapidly at an average annual rate of 18 per cent in 14 major states (Assam excluded) taken as a group. In Kerala the total subsidies increased from Rs. 274.04 crore in 1977-78 to Rs 1,184.90 crore in 1987-88, *i.e.*, at average annual growth rate of 16 per cent; the recovery rate declined from nearly 20 per cent in 1977-78 to around 10 per cent in 1987-88 [Rao and Mundle, 1992, table 3.4, p. 127]. It would be interesting to juxtapose the amount of revenue deficit in Kerala in 1987-88 with that of total subsidies estimated for the state for the same year. We find that the revenue deficit

in Kerala in 1987-88 at Rs(-) 194.6 crore (p. 19, table II. 1) was about 16 per cent of total subsidies in 1987-88 of Rs 1,184.9 crore [Rao and Mundle, 1992, table 3.4, p. 127]. It is certainly nobody's case that all subsidies are unjustifiable. But there is reason to believe that by pruning undeserved subsidies it could have been possible for the Kerala government to eliminate revenue deficit eventually. A determined effort in this direction would have then improved the viability of the Kerala model of development.

George rightly links the difficulties faced by the Kerala model of development, *inter alia*, to the failure of Kerala government to observe fiscal discipline in this respect. The state is faulted for 'following a resource mobilization strategy inappropriate for its pattern of development as also its pattern of public expenditure' (Pp. 133-134). For resource mobilization, the state depended mainly on taxation, and neglected the non-tax items, such as for example, raising recovery rates for public services provided. In fact, this has been generally true of the 14 major states which do not appear to give serious consideration to non-tax sources for raising revenue [Rao and Mundle, 1992, p. 109]. However, a more intensive exploitation of own non-tax sources of revenue would have suited more Kerala's economy 'where service sectors had been growing much faster than the commodity producing sectors' (p. 134).

One aspect of the under-utilisation of own non-tax sources of revenue merits attention. Subsidy is the difference between cost and recovery rate in the case of a public service provided. When however the cost gets inflated owing to production inefficiency, there is clearly an element of subsidy attributable to this inefficiency. One way of enhancing the non-tax revenue therefore is to reduce this inefficiency so that subsidy could be brought down. This applies particularly in the case of several public sector undertakings (PSUs) of the state governments, such as, for example, the state electricity boards. Kerala 'has the largest number of public undertakings among states in India' (p. 35). Over the period, 1980-81 to 1989-90, state government's

investment in PSUs doubled from Rs 182 crore in 1980-81 to Rs 377 crore in 1989-90. However, the rate of return on investment during the period has been less than a paltry 0.5 per cent every year. [Aiyar and Kurup, 1992, table, p. 446]. It is true that recovery charges lower than necessary may have contributed partly to this state of affairs. All the same, poor performance can also be traced to inefficiency born out of 'mismanagements of these units' (p. 35). The two major PSUs are the Kerala State Electricity Board (KSEB) and the Kerala State Road Transport Corporation (KSRTC). We are informed that '(l)ow fleet utilization and low staff productivity have contributed to heavy losses over the years' in the case of KSRTC and that KSEB has had low returns owing to 'high transmission and distribution losses in the neighbourhood of 28 per cent' [Aiyar and Kurup, 1992, Pp. 446-447]. The author of the monograph sees 'scope for Kerala raising more non-tax revenues from its public sector' (p. 35).

A reference has been made above to the high share of compensation for employees within the consumption expenditure in the Kerala budget, resulting from the high share of social and community services in the total expenditure of the state. The high share of compensation of employees thus appears to be an inevitable concomitant to the Kerala model of development. Probably something more needs to be said in this respect. It has been pointed out that, for example, 'the policy of giving protection to private school teachers' has been 'a source of ... heavy financial burden on the Government'. In sum, one can say that Kerala's present educational expenditure reflects neither quality nor quantity but only the strength of different pressure groups' [Gumaste and Honavar, 1989, p. 220 and p. 222]. Probably this is too harsh a judgement but it is a common experience in all states that special interest groups (which include government employees) have striven hard, and with a good measure of success, to arrogate to themselves a substantial proportion of benefits flowing from government expenditures. Thus it turns out that 'when the resource constraint [on government budget] hardened in the latter half of the 1980's, the expenditure on

wages and salaries, subsidies and transfers continued to increase at fairly high rates whereas, socially productive capital expenditures particularly on infrastructural sectors in per capita terms (at 1981-82 prices) declined even in absolute terms' [Rao and Sen, 1993, p. 135]. This also can be described as a case of fiscal indiscipline. Among the major states Kerala certainly was not an exception in this respect.

In sum, the author of the monograph deserves credit for marshalling in an imaginative manner large amount of data with a view to identifying the factors that are likely to explain the fiscal crisis faced by Kerala, given its model of development. One has the impression, however, that he lays greater emphasis on the lack of appreciation by the Central agencies of the special aspects of the Kerala crisis than on the lack of fiscal discipline which probably is the more relevant contributory factor. Perhaps it is not too much to expect that a state which has been experimenting with a model of development focussing on extensive social development despite conditions of economic backwardness, would show special awareness for the need for fiscal discipline. At the same time it must be recognised that the Kerala model of development will not be viable in the long run unless its economy grows at an adequate rate to support massive development in the social sector. George says as much, and quotes approvingly from UNDP's Human Development Report (1992) as follows: 'Human Development offers a much broader and more inclusive perspective. It demonstrates that economic growth is vital; no

society has in the long run been able to sustain the welfare of its people without continuous injections of economic growth' [p. 133].

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## BOOK REVIEWS

Dhawan B.D. *Indian Water Resource-Development For Irrigation, Issues, Critiques, Reviews*, Commonwealth Publishers, New Delhi 1993, Pp. 277, Price Rs 325/-.

Water resources development for irrigation or water management is a subject of great importance for all those concerned with agricultural development. The book under review deals with this important subject and is authored by Prof. Dhawan, who has been working in this area religiously over a few decades. Prof. Dhawan has put at one place eleven of his important published papers' research findings (Part I) and reviews at one place for the benefit of researchers and policy makers alike. In Part II of the book are reviews of eight important studies/reports on water resources already published in *Economic & Political Weekly*, *Journal of Indian School of Political Economy*, *Indian Journal of Agricultural Economics* and *International Journal of Development Banking*. The reports/studies reviewed are - Faulty ICSSR Survey of Indian Irrigation, CSE Report on Floods in the Himalayan Rivers, INTACH Evaluation of Tehri Dam, INTACH Evaluation of Narmada Dams, Tale of Two Evaluation Studies on the Sardar Sarovar Project, Water Resources and Two Great Stories. The author has discussed at length various aspects of water management which includes under-utilisation of the potential created, policies relating to wastage of water, controversies relating to major/minor irrigation and small/big dams, etc. The discussion which follows has been taken under various issues referred to above:

### *Under-Utilisation of Irrigation Water*

Upto the end of the Seventh Plan, a total investment of Rs 45,191.49 crore had been made and a potential of 76.5 m. ha. created. Estimates for 1993-94 are quoted at 86.1 m. ha. According to *Land Use Statistics* data, however, we find that less than 78 per cent of this has been actually utilised. Certainly this is quite a serious matter. The levels of under-utilisation are rather high in some states which alone account for over 50 per cent of the total- West Bengal (50.6%), Maharashtra (45.6%), Bihar (42.5%) and Uttar Pradesh (38.3%).

Prof. Dhawan, in the study under review, has

examined critically the veracity of the impression that irrigation capacity in small scale works is fully utilised (Chapter 10) and has based his findings on the Census of Minor Irrigation (1986-87). The same problem has been examined for major irrigation in Chapter 4- 'Irrigation in the Eighth Plan - A Critique'. Regarding the total potential created, there are two types of data available which throw light on the utilisation of the potential created. The Planning Commission estimates the utilisation of irrigation potential, (both for major and minor) created on the basis of certain norms. Real ground situation is, however, available from *Land Use Statistics* where there is always a time lag of 3-4 years.

Again the distribution of gross cropped area as between major and minor irrigation is not available. Minor Irrigation Census is a one time affair. Moreover, the all India picture here is based on less than full coverage of the country (though the Census was nationwide) and based on preliminary tabulations. According to Prof. Dhawan, within the minor irrigation segment, privately owned tubewells reveal a performance that truly goes well with the lustrous image of small scale irrigation. Hardly one per cent of such tubewells were found to be out of use during the survey year- the corresponding percentage for dugwells was 20, and for surface flow irrigation works (mainly tanks) was 12. For the drought-affected state of Gujarat these very percentages stood at much higher levels; 55 per cent for dugwells, 68 per cent for surface flow irrigation works, and 6 to 14 per cent for private tubewells. Again, the capacity of these tubewells was, more or less, fully utilised. But, then, tubewell irrigation cannot be deemed synonymous with minor irrigation.

The problem of under-utilisation is not restricted to the minor irrigation system alone. When we look at the total irrigation potential created and utilised, we find a staggering gap of 19.3 m. ha. in 1988-89, which according to the Planning Commission, is only 8.0 m. ha. and that also for the current year.

The problem gets further complicated when we look into the statewise position. The case of Punjab is quite peculiar. As against the ultimate potential of major/minor irrigation of 6,550 thousand ha., 5,597 thousand ha. has been created and ground position is that 6,918 thousand ha., was actually irrigated during 1988-89. In Tamil

Nadupotential created was more than the ultimate for major irrigation. Same is the position for minor irrigation in Uttar Pradesh and Gujarat. It would be of interest to point out that additional targets have been provided for even these states in the Eighth Plan. The main point as raised by the author (p. 49) is whether or not such an over-exploitation is sustainable. According to available information the position is rather serious in a state like Punjab.

Due to the limitation of the available data, it is not possible to have distribution of gross irrigated area as between major and minor. This must, however, be appreciated that irrespective of the reasons behind this type of reporting, it is quite a serious matter which must be thoroughly looked into. If so, there is an urgent need to review the whole position. It is understood that a recent review by the Ministry of Water Resources (MWR) has revised the ultimate irrigation potential from 113.5 m. ha. to 150.7 m. ha. (70.7 m. ha. surface and 80.0 m. ha. as ground water). Before making final revisions, it is important for MWR to give serious thought to the sustainability issue referred to above. The situation as it exists today gives completely wrong signals with regard to the ultimate potential available and its utilisation. The sooner it is rectified the better it would be.

#### *Water Management*

There is no life without water. This alone is sufficient to show its importance. But unfortunately a scientific approach to water management has not yet received the attention it deserves over a major part of the globe and India is no exception to it. Besides an efficient use of water, it involves:

1. Improving communication between supplier of irrigation and those receiving it.
2. Since reservoirs cannot be easily replaced, prevention of siltation through catchment protection must get high priority.
3. Necessary protective steps to avoid problems of water logging and salination.
4. Effective educational programmes should be made to minimise downstream health impact.

Chapter 9 of the book under review examines water management in the context of technological progress in Indian agriculture. The author in this chapter has examined two important aspects, viz., (a) Rationalising the use of canal water and (b) Conjunctive irrigation system.

According to the author when we do not count sea water, water is certainly not all that plentiful. It is a limited resource which we need to use thoughtfully, avoiding wasteful and harmful practices in all sectors, including agriculture where presently over 85 per cent of total water use takes place in India.

Rational use of water should take full account of the efficiency for the system as a whole which is a product of (a) conveyance, (b) distribution and (c) field application. According to one estimate, as much as 2,500 tonnes of water may be required to produce one tonne of cereal. If so, there is certainly a lot of room for efficiency. More so when competing uses like industry or domestic water supply system is economically much more productive or gets high priority.

Rationalisation can be brought about through proper water management which unfortunately is not at all that good in our public canal irrigation. Farmers located at the head end of a canal system, say, a canal outlet, tend to appropriate more of irrigation supplies, to the disadvantage of their brother farmers at the end of this outlet. Besides reduction in maximum total output from canal irrigation, this unequal sharing of water leads to water logging and soil salinity problems which are more visible in head-end reaches of canal system. This brings us to the question of environmental degradation from canal irrigation development. That is why environmentalists insist that agricultural development should take place on a durable and sustainable basis.

One of the reasons for such misuse or over exploitation of water is the wrong pricing policy for irrigation water and lack of education of the farmer in proper water management practices as discussed by the author. The problem is not only of fixed flat rate of canal water tariff, it also involves a careful review of the tariff of power supply. This has resulted in a disproportionate increase in electric pump sets. The author further suggests that farmers in canal commands should

be encouraged to acquire wells of their own. Water from these wells can be used in conjunction or combination with canal supplies. The dependability in irrigation gives the farmer much needed confidence to intensify his farming, resulting in intensive use of farming inputs. Conjunctive irrigation also results in balanced use of water resources.

A recent report by the Hanumantha Rao committee while discussing Drought Prone Area and Desert Development Programmes has also referred to this problem when it says that the availability of electricity at flat rates regardless of the amount consumed, is the reason behind the increasing pumping of water. Referring to various desert development programmes, it says that the watershed development model can arrest drought, as shown by the success in Ralegaon Sidhi and Adgaon in Maharashtra, Kabbalnala and Mittermari in Karnataka, and Jhabua in Madhya Pradesh.

Similarly the Rajadhyaksha Committee's [1985] report on 'Efficient Generation and Use of Power' has also indicated that flat rate tariff invariably encourages wasteful use of electricity since its marginal cost becomes zero for the owner of the water extraction machineries (WEMs). It, therefore, recommended that a clear directive should be issued to all State Governments not to adopt such flat tariff in any sector. There has, however, been a further complication created by some states having changed from prorata (PR) to flat-rate (FR), while some others from FR to complete exemption or free electricity. Due to these reasons, loss of a sum of Rs 5,589 crore is estimated in 1992-93 for the electricity boards from the agriculture sector alone. It comes to about 3 per cent of agricultural GDP.

We have already discussed the case of Punjab where total irrigated area has exceeded the ultimate irrigation potential. A study related to Punjab clearly shows that a major proportion of ground water is being exploited with the help of electricity and diesel operated shallow tubewells and it accounted for 94.8 per cent in the total draft. The level of exploitation there is so high that there is an annual decline of 20 cm in the ground water table.

The author is of the view that raising the level

of this canal tariff would certainly improve the financial health of irrigation departments of the state governments. But this would in no way induce farmers to use less canal water, because by doing so the irrigation department would not charge them less while sending them the water bill. So long as water is not sold by quantity or on a volumetric basis farmers would have no financial incentive to use the water in right quantities.

The author further mentions that pricing irrigation water by volume being not all that a feasible proposition for the time being, we have to employ other means to eliminate over use of canal waters by farmers. One way is to improve farmers' knowledge about irrigation water management. With the aid of agricultural extension workers and mass media of communications, they need to be made conscious of the long run harmful effects of over watering high yielding varieties of crops. The success in this educative drive, however, hinges on the reliability of canal supplies. Therefore canal management by the government engineers and administrators needs toning up. When canal supplies happen to be unreliable, farmers tend to become greedy in water application.

Macro-level data has shown that energisation of pumpsets has increased from 10.8 lakh in 1968-69 to 91 lakh in 1991-92, while the installation of diesel pumpset has increased from 7.2 lakh to 45.5 lakh during the same period. That is, the number of electric pumpsets accounted for only 23.4 per cent in 1950-51 but increased to 64.8 per cent in 1990-91, which clearly shows the rapid energisation of pumpsets.

Another approach for a rational use of water referred to is farmers' water users societies or associations. India can certainly learn from the experience of such associations in Indonesia and Philippines where the farmers are involved not only in the planning and construction of the system but its actual utilisation. As soon as an irrigation scheme has been built, social scientists from research institutions provide them additional guidance. This type of working in partnership has added a new dimension of accountability downward to farmer clients, as well as upward in the bureaucratic hierarchy.

Selling water by volume is another suggestion by the author (p. 120). A system by which such Associations can be involved in buying surplus water in bulk and distributing the same to deficit farming members according to their need. This type of control is possible only through farmers' own institutions which can also take the additional responsibility of improving the knowledge of the farmer about irrigation water management.

Farmers could then devise any system to allocate costs among individual users, though their expected concern with transmission cost minimisation would, in all likelihood, lead them away from volumetric pricing at this level. This suggestion takes the Vaidyanathan Committee's argument for effective devolution of power a little further, suggesting that primary collection of revenue, in effect, be privatised.

Farmer's participation in system management thus emerges as a prime pre-requisite for a smooth and successful transit to a more efficient system. Once sufficiently large organised user-groups come into being, they will themselves be interested in seeing to it that projects are implemented economically and that the quality of water management improves.

As regards conjunctive use of irrigation, this calls for an integrated approach to the development and use of complete water system in the area in the shape of major, medium and minor irrigation projects on a watershed basis. Such an approach would also put at rest existing controversies between major, medium and minor irrigation projects. Dr. Dhawan summarises the position beautifully when he says that 'the issue of developing this or that irrigation resource loses significance in an ultimate analysis, when the exploitable water resources, taken as a whole, happen to be far from bountiful. These would hardly provide irrigation cover to two thirds of our crop area even on full exploitation say, by the year 2010 A.D. - eventually we have to develop all categories of irrigation works: mega dams, big dams, small dams, check dams, tanks, dugwells, tubewells, borewells, etc. And once we begin to show due appreciation of the inherent complementarities or interlinkages between irrigation sources, the issue of choice among irrigation sources becomes really a non-issue in a

pragmatic sense. If at all priority to ground water irrigation is to be accorded, it should be in the high rainfall areas of the east Gangetic plains and Madhya Pradesh where much of the ground water resources is unexploited' (p. 9).

Prof. Dhawan has dealt at length in Chapters 3,5,6,7 and 8, important issues pertaining to the controversy in favour of minor irrigation. A rational approach to irrigation development as accepted by the author is no doubt a conjunctive use of all the available resources. He has, however, given a very forceful critique of the votaries of minor irrigation. His argument is that firstly minor irrigation projects are not as cost effective, if we take into account totality of costs. Total cost has to include private investment by the farmers and requisite capital cost of establishing the electric supply system. When these supporting investments are duly taken into account, the capital requirements for establishing irrigation capacity for one crop hectare area could be as high as Rs 39,000 in the case of a dugwell equipped with an electric pumpset. The same would be nearer Rs 17,500 in the case of a private electric tubewell.

Admittedly, the aforesaid cost estimates do turn out to be lower than the comparable estimates for major irrigation works. However, we should not rush to the hasty conclusion that minor irrigation is less capital using than major irrigation. Here, we have to reckon also with another pertinent parameter of capital, namely, the life aspect of a capital asset. Whereas a shallow tubewell would need fresh replacement investment every fifteen years or so, a major irrigation work typically lasts for a hundred years or thereabout. Finally, which of these two irrigation works is more cost effective (as distinguished from economy in the use of scarce capital) for a nation has to be sorted out within the framework of rigorous benefit-cost analysis, involving the use of discounting procedures and shadow pricing, as also reckoning with the external effects of each category of irrigation.

The other issue in this context is the fact that due credit is not being given to large dams for substantially augmenting ground water regime in low and medium rainfall regions of the country, thereby sustaining a thriving ground water-based

farming in such regions. For instance, two-thirds of the ground water recharge in Punjab originates from canals fed by waters of Bhakra and Pong reservoirs. Without such recharge, ground water-based farming in this state would be a fraction of what it is today. Similarly the seeped-in waters are found to quadruple the rate of return of investment in well irrigation in Ahmednagar district of Western Maharashtra. In a specific case of the Mula Canal in this very district, these waters have boosted the ground water based farming, both in terms of number of sustainable wells and crop output per well. The eightfold increase in output from wells is an indirect output contribution of the Mula project, and is no less than the direct output resulting from the canal irrigated acreage of this project.

In Tamil Nadu, both canal and tanks together make a substantial augmentation to its natural ground water availability. Some where between one-fourth and two-fifth of the total output of the order of 7 million tonnes from wells established in the state may be traced to seeped-in waters of canal/tank origin. Whatever be this proportion, bulk of the seepage into ground water table is from the state canal network, according to the author. Allied with this issue is the question relating to big and small dams discussed in chapters two and three. Here again, as the author has emphasised there are advantages/disadvantage and limitations in each case. But a controversy of this type is completely misplaced under Indian conditions. There are different situations in the country where only a big or small dam is possible. In view of the vagaries of the Indian monsoons, the imperative need for irrigation development for protecting crops during drought time has been much highlighted. Under these circumstances we should assume that controversies of this nature are only a futile exercise and rather a hindrance to irrigation development and, for that matter, progress of agriculture in the country.

We have thoroughly examined above some of the important issues concerned with irrigation development as discussed by the author along with our own views as well as explanations wherever necessary. We may conclude that the book under review although a collection of published papers which repeat some of the issues

from one chapter to the other, is on the whole a very serious study. Whether one is talking about big dams, small dams, shallow tubewells, dugwells tanks and various type of water shed development programmes, the author has discussed each of these issues threadbare and has provided cogent reasons to support his view. The study will be useful for all students of agriculture and irrigation whether they are administrators, policy makers or researchers.

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Gill, Khem Singh, *A Growing Agricultural Economy: Technological Changes, Constraints and Sustainability*, Oxford & IBH Publishing Company Pvt. Ltd, New Delhi, 1993, Pp. xii+319, Price Rs 295/-.

The technological breakthrough in Indian agriculture has helped some of the Indian states, especially, Punjab and Haryana to attain considerable level of production possibilities and output out of the agribusiness. The vertical movement of agricultural production has been effected through intensified farm operations and exploitation of the potentials of agricultural sector. This exploitation, in the process, has led to the over use of the natural resource base, causing a serious threat to the sustainability and stability of agricultural production.

At the outset, the book under review discusses the emerging sustainability issues in the wake of the technological transformation in agriculture in India in general, and Punjab in particular. The main objective of the book is to critically analyse the unique success story of agricultural transformation experienced in Punjab during the last four decades. The author, K.S. Gill, who has contributed substantially towards the agrarian prosperity of the state, was honoured with the 'Padma Bhooshan' by the Government of India in 1992.

The book, which is organized into thirteen chapters deals with the evolution of agricultural development of the state and the dramatic changes

that occurred in the modes, conditions and relations of production. Describing the Punjab experience, the author says that the state has shown how a backward, static and slow-moving agriculture can develop into a progressive, dynamic and high-growth sector.

The tremendous increase in agricultural production in the state is due to the widespread adoption of high yielding disease resistant varieties and improved production technologies, and the spread of irrigation leading to shrinkage of dry land crops and the changing relative prices between different crops.

The process of mechanization has resulted in an increase in energy consumption in the form of diesel and electricity as also fertilizers and chemicals. But the contribution of energy in the form of workers and draught animals has shown a downward trend. The breakthrough in crop production has resulted in the growth of allied agricultural activities, such as dairying, poultry farming, bee-keeping and mushroom cultivation, which enhanced the per-capita cereal and food-grain availability in the state.

There has been a sharp increase in the number of agricultural labourers in the state which has been due to the huge influx of migratory labour from states, like Uttar Pradesh, Bihar, Orissa, West Bengal and Madhya Pradesh and even from Nepal. This in-migration, which is due to the high employability of the *wheat-paddy rotation* process that is going on in the state, had its impact on the domestic economy, in terms of a decline in the use of family labour followed by an increase in the share of hired labour.

The role played by structural reforms, such as consolidation of land holdings and land reforms supported by institutional infrastructure, is instrumental in the agricultural transformation in the state. Large scale consolidation operations have been undertaken by the state government. As a result, 98.92 per cent of the villages and 98.93 per cent of the area had been consolidated by 1973.

The energy scenario of the state differs from the rest of India as the per capita energy consumption is higher in the agricultural sector than the industrial and domestic sectors. This is mainly due to cent per cent rural electrification and the

consequent rapid energisation of tubewells for providing assured irrigation facilities to supplement canal irrigation.

The author deals extensively with the sustainability issues in terms of over-exploitation of the natural soil and water resources, escalating input costs, reduced profitability of agrarian operations and suggests strategies for evolving a sustainable agrarian system. He cautions that the pressing demands for agricultural commodities by the increasing population with no scope for further expansion in the cultivated area, is likely to accentuate the denudation and degradation of land resources resulting in total damage to our fragile agro-eco system. His concern for the future care in natural resource use (which will save the future generations out of the serious resource crunch) is well reflected when he reminds that any agrarian economy striving for optimal production levels should care for its economic feasibility compatible with availability of cultivable land and other resources.

The book is one of the few collections which speaks authentically about the sustainability issues in an environment where agrarian operations are systematically carried out. The sound data base as provided in the book allows for state and national level comparisons for almost all indicators of agricultural development.

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Robert Klityard, *Adjusting to Reality - Beyond 'State versus Market' in Economic Development*, Tata McGraw Hill, New Delhi, 1991, Pp. XVIII+303, Price Rs 108/-.

This is an interesting book that makes an attempt to breakthrough the shell that has grown round the discussion of economic development but fails and falls back neatly in the old shell.

The book starts by recognising the now much widely accepted fact that in the underdeveloped countries neither the market nor the state have

functioned well. 'How can government work efficiently in the conditions of adverse incentives, corruption, and over centralisation and how can markets work well when there is no tradition of enforcing contracts and property rights? And how can poverty be eradicated when markets, the government, the press and the legal system overlook or misunderstand the ethnic dimensions of poverty in the world? We must adjust to these realities'.

Proper choice of economic strategies cannot be determined in the abstract but depends on particular circumstances, which differ not only from one country to another but also from one time period to another. The issues to be addressed therefore tend to be micro economic, decentralised and institutionally loaded. They involve information its creation, dissemination, sharing and processing (p. 249).

Information is at the heart of the problems in the real world of the developing countries. Market institutions cannot work without information of prices, quantities, and quality and government institutions cannot work without information about outputs and outcomes. From several examples spread all around the world the author suggests creative ways in which the state and the citizens themselves can solve their 'inevitably unique problems'. One of the key tasks is to ensure that environments are rich in information.

The argument is well taken but it is just the beginning and has to be examined further and deeper. The primary fact to be taken into account is that information is itself the product of development. Underdevelopment is a multidimensional complex and is not to be mistaken for its economic dimension alone. As such, the information dimension is only one of the facets of underdevelopment. The author does not seem to be unaware of this. He remarks 'Information has a broad coverage. It includes the data relevant

to economic decisions and the ability (both societal and individual) to generate, distribute, guarantee, analyse and process it' (p. 238).

He further adds 'One key to the effective utilization is information processing capability. For an individual, this capability (or better, capabilities) is a complicated function of many factors, inherited abilities, conditioning, education and access to information processing technologies among others. The acquisition and development of these capabilities also depend on how they are rewarded, on features of the economy and political power... Given the same structures of information, different processing capabilities will lead to different outcomes and different adaptive strategies... people and organizations and societies will differ in their capabilities to take advantage of modern, open, information intensive economy' (p. 255).

And when we remember the well known fact that information is itself the product of development, the circle is complete. The whole caboodle is there. How does then information as a prime mover of economic development differ from the earlier discovered prime movers like capital investment, population control, education, achievement motive, etc. etc.? The fact of the matter is that the economists' penchant for seeking generalizations about the causes of multidimensional complex social phenomenon of development is at fault. The causation of social complexes is multiple and functionally interrelated and an analytical methodology which seeks a unitary cause is bound to fail. The adjusting to this reality is a task that has been long neglected by the economists. When will they wake up to it?

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## BOOKS RECEIVED

Currently, a large number of books are being published on Indian economic, political and social problems and developments. We give below a list of books we have received with a request for a review. For want of editorial resources, it is not possible to review all of them though many deserve a critical review. Interested readers are requested to write to the editor indicating which of the following books he would like to review or write a full review article on. We shall be glad to do the needful. Readers are also welcome to review books recently published, but not appearing in the following list. As the contributors to this Journal are aware, all contributions published here are adequately remunerated.

Basu, Sajal, *Jharkhand Movement: Ethnicity and Culture of Silence*, Indian Institute of Advanced Study, Shimla, 1994; Pp. xi+162, Price: Rs 175/-.

The book covers a wide range of issues related to the half a century old Jharkhand movement, like the cultural assimilation of three streams of civilisation in the Jharkhand region, rich in mineral and forest resources; its people, subjected to age long process of displacement, pauperisation and cultural submergence; its economy, plagued with famine and destitution caused by excessive increase in land revenue; the system of outsider money lenders and the economic exploitation of the tribals in terms of alienation of land, forest rights, etc., and their social exploitation in terms of tribal women being ill-treated and raped; a legacy of their open revolt against such marginalisation and the tribal myths and symbols used by them to build up their movement, the assertion of the ethnic, regional and cultural identity along with the emergence of a new language and script, awareness of indigenism, formation of the *Jharkhand Mukti Morcha* party; and finally the coercive responses of the modern technocrat nation-state, imbued in western capitalism, resulting in ethnocide and internal colonialism. The author, in addition, traces the gradual transformation of the movement into a broad-based political movement of the tribals and non-tribals for a separate state, the process of radicalisation it went through, and its reaction with the Leftists.

Bhaduri, Amit, *Structural Adjustment, Labour Market and Employment in India*, ARTEP Working Paper, ILO-ARTEP, New Delhi, 1993; Pp. v+29.

This is yet another background study prepared under the same project, 'Integrated Strategies of Employment Generation and Poverty Alleviation in India', implemented by the International Labour Organisation and the Asian Regional Team for Employment Promotion (ILO-ARTEP).

The central issue investigated in the paper concerns the role of labour market policy in stimulating employment growth in an economy like India's. The main arguments placed forward are three- (i) where an overwhelming majority of workers are either self-employed or are casual-irregular workers outside the purview of the modern, organised, industrial sector, labour market policy can at best affect tiny segments of both output and employment. As such, the effects of cost reduction, brought about through labour market policy, have to be extremely limited; (ii) even the limited effects may not come forth, if the process of cost reduction involves job losses and/or squeeze on the real wage; and (iii) the primary determinant of employment growth in such an economy is the growth of effective demand for the products of modern industry and this depends on agricultural growth, agriculture-industry terms of trade and export growth. Hence, employment growth is affected primarily by macroeconomic policies.

Structural adjustment is unlikely to proceed at



the desired pace under conditions of macroeconomic recession, unless labour market policies are combined with intelligent demand management.

Bhalla, G.S., (Ed.), *Economic Liberalization and Indian Agriculture*, Institute for Studies in Industrial Development, New Delhi, 1994; Pp. xix+398, Price: Rs 300/-.

This publication is a collection of the policy papers, discussed at the national workshop on *Agricultural Policy in the New Economic Environment*, held at the Institute for Studies in Industrial Development, New Delhi, in September 1993. The issues elaborated range from the likely impact of changes in macroeconomic and trade policies, including the controversial Dunkel Draft, to policies on pricing, technology, agro-processing and investments in rural infrastructure. The contributors, social scientists and public policy experts, have underlined the advantages of improving the efficiency of investments in rural infrastructure and those of optimising the comparative advantage in agriculture through international trade, but at the same time they have warned against a sudden departure from the earlier development strategy of active government intervention, in particular the dangers of abandoning the goal of food security.

Dandekar, Hemalata C., (Ed.), *Shelter, Women and Development: First and Third World Perspectives*, George Wahr Publishing Co., Ann Arbor, Michigan; Pp. xii+447; Price: \$ 27.50.

This collection of papers provides access to the diverse, insightful and provocative ideas discussed at a pioneering international conference on this topic, held in May 1992. The contributors, both from the First and the Third Worlds, include not merely academics but also professional practitioners in architecture and urban planning, policy makers, activists, and those engaged in providing services to unsheltered women.

The contributions, divided into nine themes, bring to focus the idea that through the provision of appropriate shelter, strategies for furthering women's development would be more effective. Shelter or housing is regarded as a productive good, rather than a consumer good.

The first theme, 'Shelter Policy: Implications for Women's Development', covers global policies regarding shelter for women as well as policies from individual countries, such as Bangladesh and South Africa. The second theme is devoted to legal or state intervention for housing for women, while the third theme furnishes an overview of the homelessness in the First and Third Worlds and of measures, like shelter homes to combat it. Women's role in the production of shelter is examined in the fourth theme, and how far shelter provides opportunities for earning and sustenance, in the fifth theme. The sixth and seventh themes are devoted to, respectively, shelter-related services and non-traditional living arrangements, beyond the nuclear family. The design and the creation of shelter for women are delineated in the eighth theme, whereas the last, ninth one is slated for elderly women's shelter options.

Not only the tangible, physical structures but the less tangible, social infrastructure too, are necessary for women to acquire appropriate shelter. For, while there is substantial evidence that the international shortage of housing is predominantly a women's problem, consideration of gender issues in the provision of shelter remains marginal in policy decisions. While families all over the world have changed dramatically in the last five decades, housing has not. Around the world, women live in housing designed, financed and controlled by others; perhaps the only place, where they are able to impose their choice, is the kitchen! This collection lays out the rationale for thinking about shelter, its meaning in women's lives, and the manner of its provision.

Desai, Bhupat, M. and N. V. Namboodiri, *Rural Financial Institutions: Promotion and Performance*, Oxford & IBH Publishing Co. Pvt. Ltd., New Delhi, 1993, Pp. xiii+78.

This monograph comprises the evaluation of two rural financial institutions (RFIs)- Anad Farmers' Cooperative Bank and Aruvikara Farmers' Cooperative Bank in Kerala. It studies performance of both these banks for two periods, one, when they performed as Primary Agricultural Cooperative Credit Societies (PACS) and the other, during which they worked as Farmers' Service Societies (FSS).

Following are the observations in the study: both the banks performed better when they functioned as FSS, rather than as PACS. Secondly, Anad Farmers' Cooperative Bank was more successful than Aruvikara Farmers' Cooperative Bank, in both the periods. It performed better in respect of four organising principles for the promotion of RFIs, viz., vertical integration of organisational structure of RFIs, density of offices of RFIs, coverage of rural households by RFIs, and multifunctional role of RFIs. Since both the banks (RFIs) are cooperatives, their performance is also judged on the basis of their impact on the economy of the rural households, by comparing (i) use of modern farm inputs, and (ii) per hectare net income of borrowers *vis-a-vis* of non-borrowers. Both these were larger for the borrowers than for the non-borrowers, in the case of both the banks (RFIs).

This analysis is of value to those who plan, man and manage RFIs, and also the researchers, interested in their effective functioning.

Desai, Bhupat M. and John W. Mellor, *Institutional Finance for Agricultural Development: An Analytical Survey of Critical Issues*, The Food Policy Review Series, 1, International Food Policy Research Institute, Washington, 1993; Pp. x+102.

This review expounds two areas of agricultural credit policy: institutional development and interest rates. In this context, six groups of questions are addressed: (i) Why promote formal rural financing institutions (RFIs) as against the

noninstitutional lenders, and what is the past experience in this regard? (ii) What organisational principles are necessary to encourage appropriate RFIs? Do such institutions exist, or are they emerging? (iii) What are the transaction costs of the RFIs? Are the RFIs viable and sustainable, and why? (iv) What is the impact of real interest rates and nonprice factors on rural loan demand, supply of rural deposits and supply of rural savings? (v) What determines whether an institutional rural financial system is a net contribution to or a drain on public resources? And, (vi) what policy conclusions can be drawn from this analysis?

The study proposes six organisational principles for developing appropriate RFIs. They are promoting multiple RFIs in a given area, encouraging a variety of forms of organisation as well as high geographic density of field-level offices, ensuring access to a large proportion of rural clientele, promoting a functionally vertical integrated structure, from local to regional and national levels, encouraging RFIs to undertake a diversity of functions that help integrate the financial aspects of agricultural production, input distribution, processing and marketing.

In setting interest rates, the study suggests, three barometers should be consulted, viz., expected rate of return on investment in agriculture, the potential for realising economies of scale in transaction and other costs of RFIs, and the normal inflation rate.

Additionally, the study shows that it is artificial and incorrect to make a distinction between 'demand-following' and 'supply-leading' approach to rural finance policy. Accordingly, it is argued that the availability of new technology, which spawns an increased need for financial services, and the emergence of the RFIs should be simultaneous. Further, in both developed and developing countries formal rural lenders and integrated rural financial markets emerge through a deliberate public policy rather than through unguided market forces. The four countries,

Japan, Taiwan, the Republic of Korea and the U.S., that succeeded in developing RFI's, have publicly supported RFI's.

Elumalai, K., (Workshop Coordinator), *National Workshop on Agricultural Cooperative Banking in 2000 AD- A Perspective*, Background Papers, Vaikunth Mehta National Institute of Cooperative Management, Pune, March 1994; Pp. xvi+227.

The theme paper for the Workshop enlists the following eight issues taken for discussion:

1. Cooperative Credit Structure, appropriate in 2000 AD,
2. Transaction Costs,
3. High Cost of Administration,
4. Profit Planning and Productivity,
5. Human Resource Development,
6. Problems of Recovery and Mounting Overdues,
7. Forward and Backward Linkages, and
8. Need for Appropriate Policies to strengthen Cooperative Credit Structure.

The papers from resource persons at the Workshop delineate principally on financial sector reforms with particular reference to rural credit system. There are three case studies and nine valuable statistical tables incorporated in the compilation.

Huddleston, John, *The Earth is But One Country*, Baha'i Publishing Trust of the U.K., London, 1993; Pp. ix+179+(v).

The purpose of this book is to acquaint the reader with the main themes of the Baha'i faith with regard to God and the universe, the individual's place in the universe, the role of the family, the conduct of public affairs, and the Baha'i vision of a world civilization.

The first chapter of the book elaborates on the three challenges the humanity faces today, viz., abolishing the war, establishing a just economic system in harmony with nature, and instilling peace and purpose in the hearts and minds of all. Various responses to these challenges are examined including the democratic political

system and religion. It is suggested that the approach with the most promise is the Baha'i faith.

Jandhyala, B.G. Tilak, *Education for Development in Asia*, Sage Publications India Pvt. Ltd., New Delhi, 1994; Pp. 247, Price: Rs 275/-.

The monograph discusses the role of education in economic and social development, particularly school-related issues, facts and findings in Asian countries.

Some of the concerns focussed in the book are explosion in student numbers in Asian countries and the simultaneous failure in achieving reasonable levels of literacy and universal primary education, under-investment in education, misallocation and inefficient use of resources in education, inequality in distribution of educational costs and benefits among various income groups, returns to education in monetary and non-monetary terms, and education of women and other socio-economically weaker sections.

Certain conclusions, arrived at by the analysis of research studies, figures, tables, statistical estimates and graphics presented in the volume, as well as a few major generalisations in the final chapter by the author are of considerable value to educational planners in developing countries. Some striking gaps in research and information on the subject are highlighted and some of them are attended to by the author. Also a few important areas for further research are identified.

Kanitkar, V.G. and Shubhada Gogate, (Trs), *Ayodhya and After: Issues before Hindu Society*, 1991, by Koenraad Elst, Marathi translation, Shubhada Saraswat Prakashana, Pune, 1994; Pp. xv+448, Price: Rs 225/-.

Elst is a Belgian pundit who studies different religious philosophies. He visited India around 1990 and brought out this second book on Hindu-Muslim divide, particularly on *Babri Masjid conflict in Ayodhya*. According to him, the Hindu movement for restoring the Ramjanmabhoomi temple at the site of the Babri mosque is an attempt, not merely for constructing a temple

on the sacred land where Ram was born, but also for inviting Indian Muslims to integrate themselves with the mainstream. Indian Muslims, despite being originally Hindu and forcibly converted to Islam, insist on preserving and asserting their own, separate identity as a minority. Such unrelenting claim persists, Elst believes, not so much because of the communal Muslim leaders but rather because of the support of the so-called secular rulers, who have, with their leftist thinking alienated themselves from the masses and are perpetuating internal colonialism.

The translators point out that the author has not been always successful in using appropriate words for expressing various shades of meanings while conveying his ideas, since Belgian, and not English is his mother tongue. Hence they have resorted to free lance translation, instead of a verbal one.

Mani, Sunil, *Industrial Concentration and Economic Behaviour: Case of Indian Tyre Industry*, Centre for Development Studies, Trivandrum, 1993; Pp. viii+311, Price: Rs 300/-.

This monograph in Industrial Economics, from the Centre for Development Studies Monograph Series, explores in this case study the relationship between the Indian tyre industry and the behavioural patterns of firms constituting it. After spelling out the salient features of the Indian and the world tyre economy, the author reviews the past inquiries and the data sources on it, as well as chalks out the conceptual framework for analysis of his study. The important prerequisite for his analysis is an oligopolistic form of market structure. He finds that the Indian automotive tyre industry fulfils more or less all the stipulated conditions of an oligopoly.

Based on this methodology, the author attempts a thorough exploration of the link that exists between the market structure and performance of firms, the extent to which the structure determines behaviour or conduct of the individual firms,

particularly certain specified aspects, such as pricing behaviour and technological behaviour of firms.

The inferences drawn from the inquiry are: the relationship is not always unidirectional as posited in the earlier literature; the importance of mutual interdependence between the firms must be recognised; the Monopolies and Restrictive Trade Practices Act, 1969, specifically designed to curb monopolistic market structure and collusive practices, has been found to be bringing off a minimal impact on the pricing behaviour of firms, which confirms the existence of collusive pricing, from price leadership with tacit collusion to explicit collusion; and finally, the incentive to bring about technological changes is more a function of firm-behaviour, chiefly its form of ownership than a function of market structure *per se*.

The study being industry-specific, the author refrains from drawing any generalisations about the expected links between the structure and behaviour in the Indian manufacturing sector as a whole, but he does drive home the point that such generalisations can emerge if more such industry-specific case studies confirm the regularities he found existing in the case of the tyre industry.

Mukherjee, Amitabha, *Economic Theory of Human Resources* Indus Publishing Company, New Delhi, 1990; Pp. 263, Price: Rs 250/-.

This is an assessment of both the classical and the neoclassical approaches of the economists to the theory of human resources. The conclusion of the author is that with the exception of Marx, all of them strive to offer a defense for the existing power-status structure of their time.

Two fundamental and durable problems of economics have been the human resources (population) problem and the diminishing returns. The essays in the volume, written over a long period of time, attempt to survey selectively the economic history of how the theory of population, textured by the law of diminishing returns, once a cornerstone of the arch of the

classical economics, was removed from under the arch, causing a serious breach in the beautiful citadel of orthodox economics. Three of the four intellectual systems in economics- those of classical economists, those of Karl Marx and those of neoclassical economists-, having bearing on the issues of resources, diminishing returns and power-status structure, are covered by the author. The fourth system, the Keynesian system, has been left out for, according to him, it has no direct bearing on these issues. Malthus is the starting point of his study and he ends with the optimum theory of population, which he believes as the last known contribution of economic theory of population. Thereafter, population theory has moved further and further away from economics.

The essays have been enriched by the insights gained by the author during his interface with many distinguished economic historians and economists and the imprint of their ideas is discernible in the volume, in no uncertain terms.

Mukherjee, Amitabha, (Ed.), *Decentralisation: Panchayats in the Nineties*, Vikas Publishing House Pvt. Ltd., New Delhi, 1994; Pp. xviii+298; Price: Rs 450/-.

This book is an outgrowth of the National Seminar on *Panchayati Raj: Agenda for the Nineties*, held at Mussoorie, in 1993. The papers in this volume, contributed by acknowledged experts in their respective fields, delineate on what needs to be done to fully operationalise the institution of *Panchayats* in the country, as the constitutionally safeguarded entities. The Constitution (Seventy-third) Amendment Act, and the Constitution (Seventy-fourth) Amendment Act, both of 1992, introduced these local self-governing institutions in India in the form of *Panchayats* in rural areas and *Nagarpalikas* in urban areas. With their arrival, the devolution and balance of power among the diverse actors in our body polity, viz., the politicians, the legislators, the bureaucrats, the power-brokers, the various vested interests and the common man, are most likely to change dramatically. The important political issues that would crop up in this transition are dealt with in the volume; they are

allocations of functions and powers to raise resources, the resource endowments of the *Panchayats*, including forests, common property resources, land resources and human resources; developmental and planning functions of the *Panchayats*; the institutional arrangements and personnel policies; lessons from the experiments of developing *Panchayati* rule in certain states in the past and the measures to be initiated to avoid pitfalls in bringing about democratic decentralisation in India in a true sense; etc.

The publication should serve as a reference work for administrators, political scientists, economists, planners, students of constitutional history, particularly federalism.

Nayyar, Deepak, (Ed.), *Industrial Growth and Stagnation: The Debate in India*, Sameeksha Trust and Oxford University Press, Bombay, 1994; Pp. (vi)+354, Price: Rs 275/-.

The lively debate on industrialisation spans a wide range of issues as well as time period, from the early 1970s upto the early 1980s. This volume brings together thematically a selection of twelve essays, published in the *Economic and Political Weekly*, that made a significant contribution to the debate. The issues analysed in these essays, presented in a chronological order of publication from 1972 to 1988, remain both relevant and strategic in the process of industrialisation despite the passage of time.

The essays provide an assessment and a critique of the industrialisation experience, particularly the uneven pace of industrial growth in independent India. The three phases of industrialisation, that can be perceived distinctly are- the phase of rapid growth from early 1950s to the mid-1960s; the phase of stagnation from the mid-1960s to the mid-1970s; and the phase of revival in the late 1970s followed by growth in the 1980s. The essays in this volume analyse the factors underlying the deceleration in industrial growth and the persistent quasi-stagnation during the second phase, with some discussion of the necessary conditions for a return to the path of sustained growth. The issues of concern, which

have been the core of the debate include the macro-economic determinants of, and constraints on industrial growth, spotlighting on the performance of the agricultural sector, inter-sectoral terms of trade between agriculture and industry, disproportionalities within and between sectors, the level of investment in the economy, public investment and public expenditure by the government, the nexus between public investment and private investment, income distribution and the demand factor, the nature of demand constraints, the significance of supply constraints, etc. Different authors have emphasised different factors and constructed alternative hypotheses.

The problems of industrialisation can be discussed at two discernible levels of analytical foundations- first, a micro-theoretic, orthodox approach underscoring relative prices and resource allocation, import substitution and the economic efficiency of industrialisation, and second, a macro-theoretic, unorthodox approach, analysing the factors underlying industrial growth. The editor points out that this selection is a mix of the orthodox and unorthodox literature. The factors, he has evaluated briefly in his introduction, are: the relationship between agriculture and industry; the relative importance of the internal market and of external markets; the degree of state intervention; and the acquisition or development of technology, as well as the macroeconomic perspective. He stresses the need to evaluate industrial development, not in isolation, but with reference to structural transformation of economies, so as to consider the problems of industrialisation in the wider context of development. He also throws many debatable, unsettled issues open for further deliberation.

Padmanabhan, M. and Swaminathan, M.C., *Rural Development Report: Rural Employment*, National Institute of Rural Development, Hyderabad, 1994; Pp. (ix)+213, Price: Rs 100/-.

Modelled on the *World Development Report*, this publication provides the state-of-the-art in rural development with the thematic focus on employment. Farm and non-farm employment, programmes for self-employment and wage employment in the rural areas, underemployment,

indicators of rural development, related policy issues and future prospects are the basic segments of this report. They accord an interpretative review of the relevant statistics and research findings available in the secondary data. Views of a few eminent economists on the implications of the current liberalisation policy for employment are also included in the report.

Papola, T.S., P.P. Ghosh and Alakh N. Sharma, (Eds), *Labour, Employment and Industrial Relations in India: Presidential Addresses at ISLE Annual Conferences*, Indian Society of Labour Economics, Patna, and B.R. Publishing Corporation, Delhi, 1993; Pp. 541, Price: Rs 340/-.

Thirty presidential addresses delivered at the annual conferences of the Indian Society of Labour Economics (ISLE), established in 1958, are brought under a single cover in this volume. Since each of them discusses the then contemporary issues of labour economy and society, they, together present a history of Indian thought on labour since 1958. The Editors' introduction at the beginning gives the thematic division of the volume as follows: (i) Years of Hope, (ii) Emergence of Unemployment, and (iii) Industrial Relations Scenario.

(i) Years of Hope- The lectures in this section share the optimism of the people in general in the decades of fifties and early sixties. They are devoted to such topics as democratic socialism, planned development, industrial democracy, particularly the role of the trade unions, etc.

(ii) Emergence of Unemployment- From the late sixties, India had to face the twin problems of unemployment and poverty. The discourses in this section are concerned with rural unemployment; growth, employment and poverty; methods of manpower planning; structural change in economy; etc.

(iii) Industrial Relations Scenario- Trade unions and employer-worker relations, work stoppages caused by strikes and lockouts, quality of human

inputs, productivity in Indian industries, workers' participation in management, etc., are the issues dealt with in this section.

Thus the volume presents not only the events and trends of 1958-91 in the field of labour economics but also the societal aspirations and anguishes as reflected in the intellectuals' thoughts.

Prakash, Om, *The Commercial Society*, Westvill Publishing House, New Delhi, 1994; Pp. ix+302; Price: Rs 400/-.

The author believes that the world is placed on the mouth of a volcano at this juncture of human history, and yet either unaware of the fact or unwilling to take any cognizance of it. He divides the human history into three periods- the pre-1830 period of underdevelopment, the century between 1830 and 1930- an era of optimal existence, and the post-1930 period of over-optimal growth, characterised by inflation, counter productive consumerism and cosmetic culture. The span from 1830 to 1930 is regarded as that of optimal subsistence for the human population at that time, ranging between a billion and two, was not much of a burden on mother earth.

In this volume, the author views these three periods as the 'age of art', the 'age of science', and the 'age of commerce'. He develops a 'Three Sister Model' to identify their benchmarks, turning points and concurrent phases. The first one, the eldest sister, built the philosophical base of human civilisation with her 'heart'. In course of time she was replaced by the deterministic design of the second sister who ushered in the scientific revolution and the hegemony of the 'head' over the 'heart'. Then came the turn of the youngest sister, to flex her muscles under the impact of commercial revolution, and to put both the other sisters under the siege of commerce. In this 'age of commerce' money has been the measuring rod and dominant decision-making force for almost every activity. The most sinister

impact of money has been on politics- international, national, regional, state-level, local, village-level and even further. Unable to stand on merits and positive qualities of leadership, politicians have often built nexus with 'riches' and 'crime' the world over, which is now threatening to engulf the globe in the tumultuous tide of terrorism within an ocean of corruption.

The author distinguishes the present society as a rights' society quite oblivious of the corresponding duties, and his roving eye explores such wide-ranging aspects of it, as multinationals and globalisation; deficits, debts and dependence syndrome; commercial viability of public sector; overexploitation of natural resources and the quality of life; consumerism; education and culture; imbalance between material progress and ethical orientation; entrepreneurship/ management/ leadership paradigms; and so on.

Tendulkar, Suresh D., K. Sundaram and L.R. Jain, *Poverty in India, 1970-71 to 1988-89*, ARTEP Working Paper, ILO-ARTEP, New Delhi, 1993; Pp. v+29.

This is one of the background studies prepared under the project on 'Integrated Strategies of Employment Generation and Poverty Alleviation in India', implemented by the International Labour Organisation and the Asian Regional Team for Employment Promotion (ILO-ARTEP).

The study reviews the issues involved in conceptualising and measuring poverty and then analyses (i) the structure of poverty, i.e., the distribution of the poor across social, occupational, and demographic groups and also geographical regions, and (ii) trends in poverty during the period between 1970-71 and 1988-89. In this analysis, it makes use of several statistical measures of poverty along with the data available from the consumer expenditure surveys. Finally, public policies, in respect of agriculture in general and the food economy in particular, especially, the role of the existing anti-poverty programmes, as well as the contribution of the growth process in reducing the incidence of poverty over the past two decades are evaluated.

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