Tamil Nadu

Governance Challenges

October 11, 2004

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EXECUTIVE SUMMARY

1.   Tamil Nadu has traditionally possessed a highly capable civil service. More recently, it has registered some of the best human development indicators in India after Kerala. Tamil Nadu has also done well in delivering key services: A recent survey conducted by the Public Affairs Center (PAC) reveals that it possesses the country's best public distribution and school education systems, and the second best public drinking water and road transport services after Gujarat. This, of course, is not a uniform picture: health services, for example, are ranked fifth.[1] Yet, despite this impressive record, Tamil Nadu faces several critical governance-related challenges that need to be addressed to preserve and extend the gains made so far in service delivery and human development.

2.   One key issue is the proliferation of the bureaucracy which has grown exponentially in the last twenty years: Tamil Nadu today possesses the highest ratio of civil servants per hundred of population in India of any major state after Punjab: 2.13 compared to 1.36 in Karnataka and 1.75 in Andhra Pradesh (two comparable neighboring states) and 1.4 for the country as a whole. The total civil service in Tamil Nadu has in fact doubled in size from 572,209 in 1978 to 1,016,968 in 1988 after which growth more or less leveled off. While the roots of overstaffing are clearly traceable to decisions made in the 1980's, the impact on the current salary and pension structure in the fiscally-stressed present is highly negative. In order to get a grip on the problem, Government of Tamil Nadu (GoTN) appointed a Staff and Expenditure Commission (SERC) to suggest ways of reducing the size of the civil service. SERC has submitted all its reports, which pinpoint redundant positions in Tamil Nadu's 140 field departments, as well as the Secretariat; recommend strategies for rightsizing, such as redeployment, compulsory retirement, and a targeted form of VRS; and proposes broader reforms to enhance efficiency, such as faster file movement, more delegation to field offices, and outsourcing several tasks. The Government has commenced the implementation of the SERC's recommendations: 40,500 vacant surplus posts have been abolished, and additional 10,000-15,000 posts currently live are to be abolished in 2004/05. However, in a recent setback the Government has decided to retain the services of 15,500 temporary employees who were recruited during a civil servants strike in 2003 making further employee restructuring efforts more difficult.

3.   A second challenge facing the civil service is the problem of frequent transfers that undermine service delivery by disrupting managerial continuity and generate corruption by creating a market in posts. GoTN's High Level Committee on Administrative Reforms and the Prevention of Corruption (1997) refers to corruption in transfers as a serious issue. This is also a national phenomenon and different states have attempted to tackle it in different ways.[2] Maharashtra has recently promulgated an ordinance, soon to become law, which sets a minimum three year term for most posts, limits transfers to two months in the year only, and clearly defines the transferring authority at different levels. Karnataka has set quantitative limits on aggregate transfers, compressing them to no more than five percent of the total size of the civil service, created a system of civil service boards to help insulate the process from political interference, and developed a public database to track transfers. GoTN has responded to this problem by introducing a system of formal counseling for transfers in both the Health and Education Department to reduce discretion in the process. But further steps could be taken, particularly legislation to ensure a normal term of three years, place quantitative limits on transfers in the aggregate and by cadre, and create statutory boards and/or

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[1]   Public Affairs Center (PAC), <u>Study of India's Public Services: Benchmarks for the New Millenium</u>, April 2002.

[2]   Government of Tamil Nadu, High Level Committee for Administrative Reforms and Prevention of Corruption, <u>Second Report</u>, September, 1997.

transferring authorities to better streamline the transfer process. A database to systematically monitor transfers is necessary.

4.   A third set of challenges relates to improving transparency and accountability across Government. Tamil Nadu has some achievements in this area that are worth mentioning. It was the first state to pass a comprehensive law to regulate procurement and ensure access to information, both in response to the recommendations of the High Level Committee for Administrative Reforms and Prevention of Corruption. The procurement law is sound and GoTN has recently established a procurement cell in the Finance Department to oversee further reforms, such as creating standard bidding documents and harmonizing codes and rules across Government with the procurement law. Tamil Nadu was also the first state in the country to adopt a Right to Information (RTI) law in 1997: The law, however, was seriously flawed and GoTN has now decided to replace it with a new and better law. GoTN has also used its website to provide a wealth of information to the public, including Government Orders (GO), laws and rules, and information on departments and agencies.

5.   Tamil Nadu's anti-corruption institutions, including the Vigilance Commission and its investigating agency, the Department of Vigilance and Anti-Corruption (DVAC) function as Government agencies.   GoTN's High Level Committee on Administrative Reforms and the Prevention of Corruption in its 1997 report recommended the creation of an independent Vigilance Commission, with supervisory authority over the DVAC, to improve the efficacy and image of the state's anti-corruption institutions.[3] The best example of a successful independent anti-corruption institution is Karnataka's Lok Ayukta, who has the authority to investigate both corruption cases and grievances arising out of maladministration involving civil servants and Ministers; exercises supervisory authority over the police wing of the Lok Ayukta (prior to 1984 the police wing functioned as the Vigilance Establishment under Government control), and possesses a large budget of Rs. 6.7 crores per annum. The Karnataka Lok Ayukta is appointed by the Chief Minister in consultation with the Speaker of the House, Leader of the Opposition, and the Chief Justice for a fixed term of five years and can be removed only by a vote of 2/3rds of the legislature on the ground of proven "incapacity" or "misbehavior". Karnataka's current Lok Ayukta has appointed Vigilance Directors for health and education as well as the Bangalore City Corporation (BCC) and Development Authority (BDA) to crack down harder on corruption in service delivery.

6.   The performance of the DVAC (budget Rs. 13.84 crores annually) has been mixed. It has secured 315 convictions from a total of 421 registered cases over the last ten years. This is a high conviction rate drawn from a very small number of registered cases, mostly easy-to-prove trap ones. DVAC received a total of 41, 207 petitions/complaints between 1993-94 and 2002-03: Only one-percent of petitions filed with the DVAC thus resulted in prosecution in any given year. Nor has its functioning been as transparent as it might be: neither the Vigilance Commission nor the DVAC possess a public website to disseminate information, including data on performance. The DVAC has been dominated by police officers who have tended to focus a great deal on traditional-style trap cases; this is important but the DVAC could play a greater role in providing a means of redressal for public grievances more broadly.

7.   While Tamil Nadu has done well in service delivery in some key areas relative to the rest of the country, there is still room for improvement. Tamil Nadu is now focusing on improving its Registration Department by introducing a computerized guidance value calculation software package for use in its sub-registries. GoTN is also promoting the development of kiosks in villages to improve rural service delivery and empower rural citizens; land records have also been fully computerized. Urban municipalities have computerized many services, including the issuance of birth and death certificates, trade licenses and the collection of property taxes and water charges. **Metrowater** in

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[3]   Ibid, chapters 16 and 17, pp.153-184.

Chennai is a model of how to deliver services in a citizen-friendly manner. Much more, however, could be done to improve the functioning of Regional Transport Offices (RTOs) which issue drivers' licenses, register vehicles, and collect vehicle taxes and have been hotbeds of corruption in many states. GoTN introduced citizens' charters across Government departments in 1998 by an executive order: This was treated as a pro-forma exercise in many cases with charters being hastily drafted without wider consultation with staff or the public, focusing more on duties rather than time-bound service delivery standards or grievance redressal procedures, and lacking dissemination. Designing charters that work for agencies with large public interface is an important priority for subsequent efforts in this area. User surveys can also be used to provide feedback for revising such charters.

8.   **Critical Recommendations**

- **Improving the efficiency of Government**: (a) Implementation of the SERC recommendations across departments and the Secretariat over a three year time-period, resulting in the elimination of some 85,000 surplus posts; (b) Introduction of a computerized file-monitoring system to reduce delays in file movement, in conjunction with level-jumping, the single-file system, and greater delegation of powers; (c) The Government has also recently issued a GO on transfers covering the entire civil service. The GO specified transferring authorities, established norms for three- to seven-year tenures depending on the post, limited transfers to 20% of cadre strength and to the season only, and announced the creation of a public transfer database on the internet to track transfers over time. The creation and implementation of a public transfer database on the Internet to track transfers will provide a basis for formulating additional measures to improve the transfer process including computerized counseling in health and education and adopting legislation to limit transfers ; and (d) Creating a human resource database for civil servants to facilitate better employee tracking, forecasting, and career planning. Recent announcement of transfers, post national elections, however raises questions on the Government's intent to implement the GO.

- **Reducing Corruption**: (a) Creation of an independent Vigilance Commission to focus on corruption and grievance redressal on the lines proposed by GoTN's High Level Committee for Administrative Reforms and the Prevention of Corruption, and greater transparency in the functioning of DVAC (e.g., tabling of reports within three months of their submission, creation of a public website with data on complaint numbers/types, pendency rates, and outcomes over time). The GoTN has issued a GO to establish a high-powered Governance Reform Commission (GRC) which will suggest the structure and modality for an independent institutional mechanism to oversee public grievance management and handle corruption complaints in service delivery; (b) Adoption of a new Tamil Nadu Right to Information (RTI) Act, with minimum exceptions, strong *suo-motu* disclosure provisions, and independent appeals process; and (c) Implementation of further procurement reforms suggested by the Tamil Nadu procurement assessment conducted by the Bank in 2001;

- **Strengthening Service Delivery**: (a) Revise citizen charters for agencies with large public interface on a priority basis (e.g. district hospitals) and use of surveys to provide feedback; (b) Continue service delivery improvements in key agencies (e.g., Registration, Transport, Revenue, and Public Distribution); The GRC has also been mandated to prepare an action plan with monitoring indicators for improving 10 critical services with a large public interface and (c) E-Governance by promoting single-point delivery of services, beginning with Chennai, and the spread of rural information kiosks through the Rural Access to Services through the Internet (RASI) program.

TAMIL NADU
GOVERNANCE CHALLENGES

I.   CIVIL SERVICE REFORM

1.   This section analyzes the main trends of growth of the civil service over the last quarter century and the resulting overstaffing across Government in Tamil Nadu. It reviews the recommendations of the Staff and Expenditure Review Commission (SERC) to trim and improve the working of Government. It concludes with a discussion of the problem of frequent transfers in the civil service in Tamil Nadu.

Profiling the Growth of the Civil Service

2.   In 2003, the size of the core civil service including teachers in aided institutions, who are considered Government servants in Tamil Nadu, stood at 849,056 posts of which 224,113 were temporary in nature. In addition, some 323,571 non-pensionable posts were also funded directly from the state exchequer, including all village assistants, midday meal workers, and many lower-rung employees, such as sweepers and watchmen on non-standard scales of pay. If we add local body posts (97,746) and Public Sector Undertaking (PSU) employees (224,781), there were approximately 1,495,154 posts in Government in 2003. The number of actual employees was somewhat lower, with the state employing 696,700 core civil servants including aided institutions, 72,460 local body employees, and the same number of employees in the non-pensionable and PSU categories as posts, translating into approximately 1,317,512 employees.

Table 1: Tamil Nadu: Number of Civil Service Posts (Government and Aided Institutions)

Group Type	1978	1984	1988	1998	2003
Group A	2,170	4,740	8,066	9,430	14,597
Group B	44,464	60,621	89.258	90.816	85,285
Group C	355,815	543,036	538,577	639,300	639,300
Group D	78,766	106,870	99,072	81,874	109,874
Non-Pensionable.	90,994	247,466	281,995	323,571	323,571
TOTAL	**572,209**	**962,733**	**1,016,968**	**1,144,991**	**1,172,627**

*Source*: *Government of Tamil Nadu, Department of Finance.*

3.   It is worth noting that while there were a large number of temporary posts, some 224,113 in all, the state had virtually no temporary employees in 2003. The size of the non-pensionable, but permanent, establishment rose sharply from 90,994 employees in 1978 to 247,466 in 1984 and then again to 323,571 in 1998 after which it remained stable through 2003. This massive 255% increase between 1978 and 1998 (concentrated in the 1978-84 period) reflected a policy decision in 1981 to abolish the hereditary posts of village headman and *Karnams*, who historically maintained land records, and replace them with a new class of village assistants appointed by Government; the re-introduction of a staff-intensive midday hot meal scheme for elementary and secondary schoolchildren in 1980 after a gap of several years; and the absorption of large numbers of temporary, "work-charged" employees attached to projects or schemes as permanent employees to bolster political support and avoid possible legal challenges by disgruntled staff. The number of senior positions in the bureaucracy proliferated even faster: Group A posts, for example, climbed steadily from 2,170 in 1978 to 4,740 in 1984 to 9,430 in 1998 and now stands at 14,597 in 2003, a staggering

increase of 573% over a twenty-five year time-period. The growth of Group A posts was largely a product of decisions spread out evenly between 1978 and 2003 to create new posts, particularly at the Assistant Director level, in departments, such as Commercial Taxes, Registration, Agriculture, Irrigation, Education, and Rural Development; these new posts were largely filled by direct recruitment, not promotions from lower grades. Group B posts increased by 101% from 44,461 in 1978 to 60,621 in 1984, and then to 89,258 in 1988 after which growth leveled off during the next decade; Group C posts increased by about 80% between 1978 and 1998, with the sharpest increases occurring between 1978 and 1984 and then again between 1988 and 1998 after which growth ceased. The increase in Group C positions was fueled in part by a decision in the late 1980's by Government of Tamil Nadu (GoTN) to take over the function of paying teacher salaries from the *Panchayat* Unions. Much lower growth occurred in Group D posts, roughly 39.4% between 1978 and 2003, with most of the increases occurring between the two periods 1978 -1984 and 1998 - 2003.

**Table 2: Percentage Growth in Civil Service by Group in Posts**

	1978-1984	1984-1988	1988-1998	1998-2003
Group A	118.4	70.2	16.9	54.8
Group B	36.3	47.2	1.7	-6.1
Group C	52.6	-0.8	18.7	0
Group D	35.7	-7.3	-17.4	34.2
Non Pensionable	172	14	14.7	0
Total	68.2	5.6	12.6	2.4

4.   In overall terms, the civil service grew fastest between 1978 and 1984 with aggregate numbers jumping from 572,209 to 962,733 posts, a 68% increase, reflecting the sky-rocketing growth of non-pensionable posts. Civil service growth then slowed significantly to just 5.7% for 1984-88, 12.6% for 1988-1998, and only 2.4% for 1998-2003. Annually, the civil service grew by 9% between 1978 and 1984, falling to just one percent between 1984 and 1998, and 0.5% between 1998 and 2003. The annual growth rate for the entire twenty-five year period from 1978 to 2003 was approximately 2.9%. In short, the ballooning of Tamil Nadu's civil service has deep historical roots going back to policy choices made during 1978 and 1984. Yet, if aggregate growth slowed after 1984, there were nonetheless significant spurts in hiring for particular groups at different times. As noted earlier, both Group C and non-pensionable posts rose by 19% and 15% respectively during 1988 and 1998, while Group A posts again shot up by 55% between 1998 and 2003 compared to 17% between 1988 and 1998. Group D posts also expanded between 1998 and 2003 by 34% after a decline of 23% between 1984 and 1998, which, in turn, was preceded by a 36% expansion between 1978 and 1984. Despite these substantial increases in Group A and D staff, the period 1998-2003 was nonetheless one of relative discipline in controlling the size of the civil service.

Figure 1: Total Growth in Civil Service*
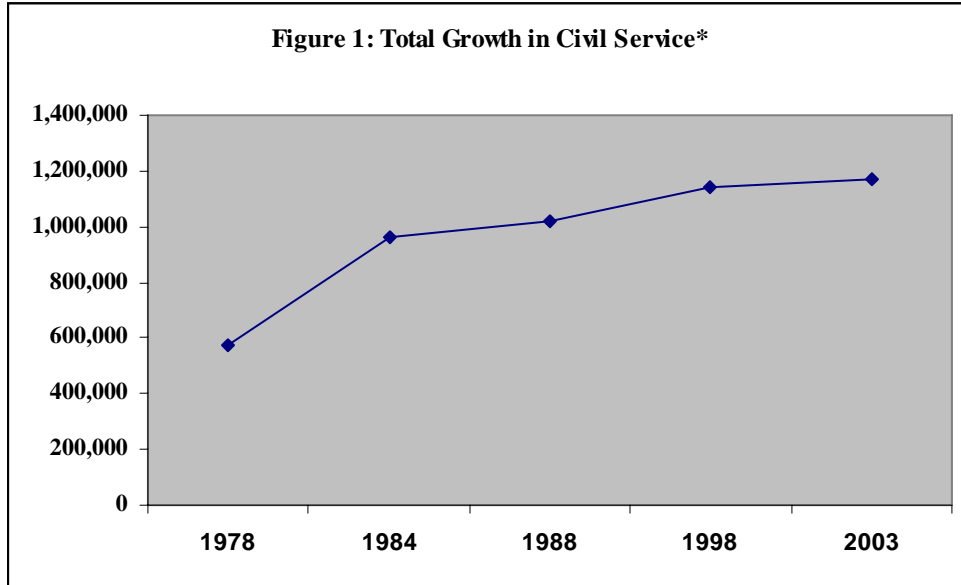
* Note: These numbers exclude Local Bodies and Public Sector Units

In terms of the relative proportions of each group over time, Figure 2 reveals four broad trends. First, non-pensionable posts grew fastest as a proportion of the total civil service over time, while Group D growth was relatively anemic reflecting the fact that many employees who might otherwise have been hired in Group D were actually placed in the non-pensionable category on consolidated or non-standard scales of pay. Second, Group C employees remained the largest proportion of the civil service throughout, declining somewhat in relative importance in 1984 and then stabilizing for the rest of the period. Third, the relative strength of each group remained more or less static between

Figure 2: Composition of Civil Servants by Group Type
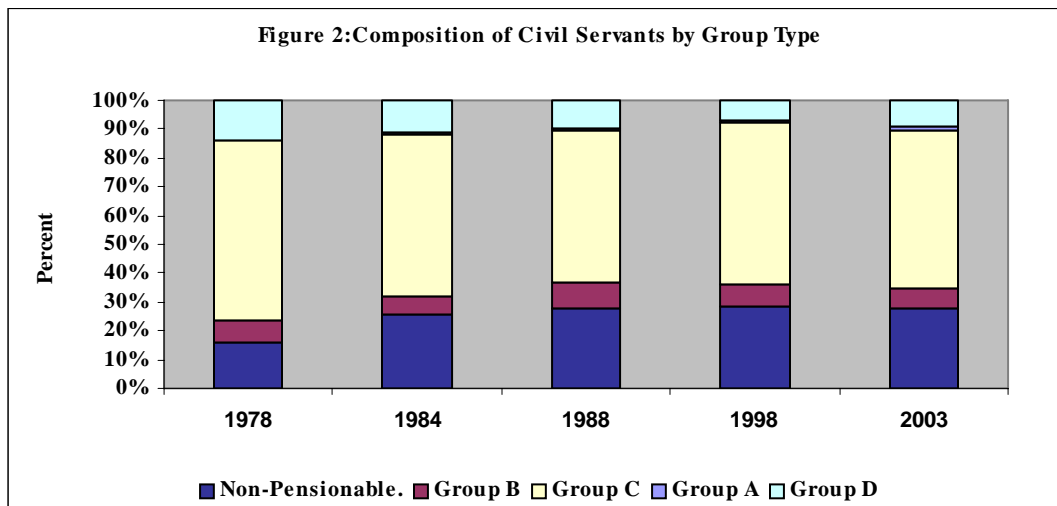
1998 and 2003. Finally, while Group A employees grew explosively from 1978 to 2003, they remained only a very small percentage of total civil service employees, barely visible in Figure 2. The ratio of civil servants (core, non-pensionable, PSU's, and local bodies together) per 100 of population is approximately 2.1 in Tamil Nadu, compared to 1.36 in Karnataka, 1.75 in Andhra Pradesh, Gujarat and the all-India ratio of 1.4. Relative to both neighboring states and the country as a whole, Tamil Nadu is overstaffed. In this regard, Tamil Nadu falls roughly in the same category as Punjab, a state that suffers from severe fiscal stress, with an alarming ratio of 2.24 civil servants for every 100

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residents. From the point of view of the impact on Tamil Nadu's wage bill, the current size of the civil service is clearly unsustainable, especially in the wake of the hikes authorized by the Fifth Pay Commission, not to mention the broader challenge of improving the productivity of the civil service generally. In 2001-02, the total wage bill (salaries/wages, pension benefits, and grants-in-aid

Table 3: Comparative size of the civil service in some Indian States (per hundred population)

State	Population	Core Civil Service	Ratio	Total Govt. Employees less PSU's	Ratio	Total Public Sector Employment	Ratio
Andhra Pradesh	75,110,584	553,972	0.74	965,892	1.29	1,315,204	1.75
Karnataka	51,152,000	240,969	0.47	530,984	1.04	693,246	1.36
Orissa	35,391,000	480,000	1.36	581,400	1.64	660,928	1.87
Gujarat	47,267,000	206,000	0.44	502,000	1.06	800,000	1.69
Uttar Pradesh	162,000,000	880,000	0.54	1,576,226	0.97	1,730,093	1.07
Punjab	24,289,000	376,222	1.55	431,662	1.78	535,840	2.21
Tamil Nadu	62.000,000	**696,700**	**1.12**	**1,092,731**	**1.76**	**1,317,512**	**2.13**

Note: Total Public Sector Employment includes core civil service, work charged and daily wage employees, grant-in-aid institutions, state- owned enterprises, and local bodies.

to pay for salaries in universities and secondary schools) stood at Rs. 11,321 crores, about the same as in 2002-03 at Rs.11,319 crores, about 55% of total revenue receipts.

5.   In order to address the problem of a ballooning wage and pension bill, GoTN has taken the following steps:

- **A freeze on recruitment** has been imposed for vacant posts, effective November 29, 2001. The ban is not watertight, however, with recruitment allowed for teachers, doctors, and police subject to a determination by a committee consisting of the Chief Secretary and the Secretaries of Finance and Personnel/Administrative Reforms respectively that such posts are "essential." For the large category of pensionable civil service employees, net attrition rates are on average expected to be about 2.5 percent per year between 2003/04and 2007/08, resulting in an attrition-related decline of 10% by 2008, or roughly 68,500 employees. This could unravel if the ban is not strictly adhered to, lifted altogether, or there is significant hiring in categories deemed "essential." Indeed, GoTN has recently added some 8,500 new police personnel to the force. Nor is the ban likely to be effective in the case of the Tamil Nadu Electricity Board (with some 94,000 employees) because of a court order requiring the Board to convert contract employees to permanent status, using vacant posts. On the other hand, a recruitment ban, if prolonged indefinitely, can lead to distortions in the demographic structure of the civil service, hamper the infusion of younger talent into Government, and undermine front-line service delivery.

- **A ban on the creation of new posts** has also been imposed, except for those posts filled by redeployment.

- **Pension reforms** to rein in GoTN's huge pension liability (Rs. 3,337 crores in 2002/03) by raising the minimum qualifying service period for a full pension by three years, reducing the rate for pension commutation from 40% to 33.3%, and announcing a new contributory pension scheme in the 2003/04 budget speech.

- **Economy measures** to trim the budget including banning annual leave encashment, and phasing out official cars in favor of an allowance for official travel, and tightening eligibility for different classes of air and rail travel.

Rightsizing Government: The Staff and Expenditure Review Commission (SERC)

6.   These are, of course, shorter term measures designed to deal with a crisis at hand. In order to promote the longer term rationalization and restructuring of the civil service and improve its productivity, GoTN constituted a one-person Staff and Expenditure Reforms Commission (SERC) on December 1, 2001 led by a retired bureaucrat with extensive experience in both finance and administration and trusted by Government officials. Initially appointed for one-year only, the term of the Commission was extended through June 30, 2003. At first, the Commission's terms of reference focused on three main issues: (a) reviewing the staffing and expenditure patterns of departments/agencies to reduce redundant functions and staff, (b) improving arrangements for staff redeployment and retraining, and (c) and decreasing reliance on grants-in-aid. This mandate was later broadened on April 1, 2003 to include three new areas: (a) identifying ways to implement the Commission's own recommendations, (b) clearly pin-pointing the number of vacant posts, and (c) recommending steps to improve the functioning of the Secretariat.

7.   There are four key features of the SERC's working that bear comment. First, the SERC experience is fundamentally an in-house assessment of redundancy, unlike the externally-driven assessments conducted by consultants supervised by the Administrative Reforms Commission (ARC) in Karnataka, the Institute of Public Administration in Punjab, and consultants in Orissa.

8.   Second, the SERC reports, which focus on both the Secretariat and 140 field departments provides the most targeted identification of surplus posts in any state that has attempted such an exercise, far more pin-pointed than the externally-conducted analyses in Karnataka, Punjab, and Orissa, which have proven less useful in identifying opportunities for pruning staff. In Punjab, for example, the IIPA reports were quickly superceded by an in-house exercise spearheaded by the Finance Department to identify redundant and vacant posts by creating a Master Manpower Register for all entities, including the grossly overstaffed Punjab State Electricity Board. The SERC reports identify roughly 85,000 specific surplus posts for downsizing over a five year period (12% of core pensionable employees) and 113,000 vacant posts. If added to the net attrition rate of 2.5 percent a year, this amounts to reducing the civil service by 25% over five years at a rate of five percent per annum. The criteria for regarding a post as surplus include: (a) assessing posts in relation to existing work norms, (b) establishing new work norms in the light of technological change, and a concomitant reduction in staff, (c) analyzing whether a department needs to perform a particular function at this time and adjusting staff size accordingly, and (d) reducing posts by promoting outsourcing across Government. These are bona-fide criteria that could, most likely, withstand any legal challenge in administrative tribunals and the courts: redundant staff would be phased out into a surplus cell on the legally sound principle of "last-in, first-out" for redeployment to vacant posts within the same department or to another department with new training if necessary.

9.   The Commission pared about 23% of all Group A posts, which constitute only 1.7% of the core civil service (excluding non-pensionable employees); 12% of Group B posts (10.04% of core), 9% of Group C posts (75.3% of core), and 40% of Group D (13% of core). Staff cuts were thus highly disproportionate for Groups A and D and mildly so for Group B; Group C, including a large contingent of teachers, faced only a small cut relative to its share of the civil service. While the SERC was initially sanguine about offering VRS to those placed in the surplus cell, the emphasis of the Government is on redeployment to appropriate vacant posts and closing the surplus vacant positions'. The Government has commenced the implementation of the SERC's recommendations: 40,500 vacant surplus posts have been abolished, and additional 10,000-15,000 posts currently live are to be abolished in 2004/05. It will be important to harmonize cadre and recruitment rules to facilitate smooth redeployment across departments. In addition, it is important that employees remain

in the surplus pool for a limited period of time only, say six months, and are paid by the surplus pool to break the connection with the parent department. While downsizing has been very difficult to accomplish in an Indian setting, the success of GoTN in successfully tackling three employee strikes, the statement by the Supreme Court that Government employees do not have a "right to strike," and the inability of employees to roll-back the state's pension and other economy reforms imply that the Government may be in a stronger position to achieve its downsizing objectives. However, in a recent setback the Government has decided to retain the services of 15,500 temporary employees who were recruited during a civil servants strike in 2003 making further employee restructuring efforts more difficult. It will be necessary to establish a time-frame for the implementation of the SERC recommendations to ensure that political momentum is not lost or that the reports themselves do not become less relevant with the passage of time.

10.   Third, the process of formulating the reports was marked by extensive consultation. The SERC reviewed approximately 10 departments a month; for each department, the process involved an initial round of consultation with the Secretary and Departmental Heads (HoD's), followed by intensive discussions with lower-level officials and unions, and a concluding wrap-up session with the Secretary. HoD's were furnished with a questionnaire asking them to identify redundant functions as well as opportunities for delegation from the Secretariat, faster file movement, outsourcing, the use of information technology, and schemes that could be merged or discontinued; in addition, HoD's were asked to provide data on the number of temporary and permanent posts in their departments, vacancies, existing work norms, surplus staff by cadre based on those work norms, and possibilities for redeployment within or outside the department. Staff associations were asked to fill out a separate questionnaire asking them to evaluate the merits of the single-file system and level-jumping; identify areas for decentralization of authority within departments; re-evaluate work norms in the light of new technology; indicate areas of excess or inadequate staffing; and classify functions best done only by Government, by Government and NGO's or the private sector together, and the private sector alone. Associations were also asked to suggest ways of reducing administrative costs generally. The Commission received hundreds of suggestions on rationalization from the public via its website. The expert probing of the SERC Chairman in in-depth interviews with department officials, high and low-level, combined with data derived from the questionnaires, yielded inside information on redundant and/or vacant posts, and conferred legitimacy on the exercise.

11.   The SERC's review of departments has been complemented by cross-cutting recommendations, which include constituting a surplus pool to facilitate redeployment and retraining; computerizing salary, pension, and personnel data for 696,700 pensionable Government employees to facilitate better post/employee tracking, career counseling, and salary and pension forecasting; launching a Voluntary Retirement Scheme (VRS) for civil servants (there is one in force for PSU employees); abolishing 10 departments through mergers; and outsourcing most security, catering, gardening, and transport functions to private parties. GoTN has already issued an order allowing for the "progressive" outsourcing of all Group D categories, with the exception of Office Assistants, provided that new contractors give preference to existing employees on the nominal muster roll (NMR) or receiving daily or consolidated wages. The Government is keen on developing a computerized human resource database and is in the process of formulating rules for the constitution of a surplus pool and a VRS for its employees. In addition, the Commission reviewed the functioning of the Secretariat as well focusing on three issues: (a) improving efficiency through delegation to HoD's, level-jumping, the introduction of the single-file system, and computerized file monitoring, (b) redeploying inefficient staff to posts outside the Secretariat, and (c) tightening up on discipline by tracking attendance. GoTN has already issued an order in March, 2002 permitting level-jumping, which reduces the number of layers through which a file passes to no more than three, for a variety of subjects including, among others, transfers, granting of annual pay increments, leave matters, and disciplinary cases; another order dated November, 14, 2002 allows departments to introduce the

single-file system, which permits Heads of Departments (HoD's) to send an entire file directly to the Secretary for approval on various subjects. Experience in Karnataka shows that level-jumping, and the single-file system, reduce delays and file pendency. The desk-officer system, on the other hand, has been far less successful in Karnataka, with many section officers' simply re-designated desk-officers with no corresponding reduction in decision-making time. Tamil Nadu has chosen not to introduce the desk-officer system in its own Secretariat. A recently constituted high-level committee consisting of the Secretaries of Finance, Home, and Public is now exploring ways to implement Secretariat reform.

Frequent Transfers as a Problem

12.   In addition to overstaffing, the perception of interference in the allocation of postings and transfers in a state traditionally regarded as disciplined in these matters is a source of potential concern. Frequent transfers can undermine service delivery by shifting reform-minded managers prematurely and foster increased corruption by creating a market in "wet" posts that offer opportunities for graft, particularly revenue-generating and/or service-providing departments. GoTN's High Level Committee for Administrative Reforms and the Prevention of Corruption makes special note in its report issued in September, 1997 of the growing corruption surrounding postings and transfers.[4] Hard numbers are difficult to come by: Departments keep track of transfers but do not regularly report such data to Personnel and Administrative Reforms (P&AR). This is different from Karnataka where the Department of Personnel and Administrative Reforms (DPAR) provides data on transfers every six months, going back several years, by group and cadre on its internet website: http://kar.nic.in/vsb. One crude estimate provided by P&AR places the overall number of transfers at approximately 10 percent of the total civil service, compared to about five percent in Karnataka, a comparable state, for 2002-03. At the district-level, frequent transfers seem to have become an issue, with the average tenure of a *Tehsildar*, a key district functionary, rarely exceeding one year; promoted Revenue Divisional Officers (RDO's) hovering around 1.5 years; and District Revenue Officers 1.5 years. Collectors, a senior post in Tamil Nadu, enjoy a relatively less truncated existence of two years.[5]

13.   GoTN's revised transfer policy issued in January, 1994 establishes a minimum tenure of only one year before an official can be considered for a transfer. For most posts, not including teachers or Group D positions, officials must be transferred after three years. There are no quantitative limits on aggregate transfers, as in Karnataka, which has recently restricted overall transfers to five percent of the total civil service. The policy does not apply to the All-India Services, HoD's, and Group D positions, as well as transfers necessitated by disciplinary proceedings, or when surplus manpower has to be redeployed. With the exception of the Police Department, there is no committee system or board to authorize transfers. It is not clear how well the committee system in working in Police, but a recently constituted committee on police reform in Tamil Nadu is considering establishing fixed tenures for police commissioners in urban areas and Superintendents of Police in districts.

14.   Introducing a civil service board to control premature transfers was a key recommendation of the Conference of Chief Secretaries in 1996. GoTN's High-level Committee on Administrative Reforms and the Prevention of Corruption also suggests that the Chief Minister alone make decisions about high-level transfers (Secretaries, HoD's, Collectors, and Superintendents of Police) on the basis

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[4]   Government of Tamil Nadu, High Level Committee for Administrative Reforms and Prevention of Corruption, Second Report, September 1997, p. 10, paragraph 9.

[5]   The recent career of one Tehsildar in a Tamil Nadu district: Deputy Tehsildar for one year, Inspection Cell Officer 10 months, Special Tehsildar (Stamps) nine months, Magisterial Training six months, Divisional Excise Officer four months, Special Tehsildar (Elections) 10 months, and now Tehsildar five months so far

of recommendations from a Personnel Committee consisting of the Chief Secretary and two other senior officials of equivalent rank.[6] Karnataka was the first state to establish a system of Cadre Management Authorities (CMA's) for A, B, C, and D category posts. The Minister was designated chairperson of the committee for Group A posts, along with the Principal Secretary and Head of the Department (HoD) concerned as well as a Secretary to Government from another department. Ministers were not to be part of the Cadre Management Committees for Group B posts and inter-district transfers of officers in Groups C and D, which consisted of the HoD and Additional HoD of the department concerned, and a HoD from a different department. A separate committee, reporting directly to the Chief Minister, was to consider requests for the transfer of members of the Karnataka Administrative Service and comprised the Chief Secretary as the chairperson, the Additional Chief Secretary, and both the Principal Secretary and Additional Secretary of the Department of Personnel and Administrative Reform (DPAR). Political will, combined with the cadre management system, succeeded in compressing aggregate transfers in Karnataka from about 54,000 in 2000-01 to 16,000 in 2001-02 and 34,000 in 2002-03 out of a total of 642,049 posts. Far less success was registered for All-India Services, which fall outside the purview of the cadre management system: 68% of all IAS officers in Karnataka were transferred in 2002/03 compared to 15.6% for Group A as a whole. One weakness of the Karnataka model is that the cadre management authorities are not statutory in nature and can thus be easily overturned. Maharashtra has recently introduced an ordinance (approved by Cabinet on August 25, 2003), to become law within six months, establishing a minimum tenure of three years, defining transferring authorities at different levels and the posts subject to their control, limiting transfers to May and June of every year, and laying down clear guidelines for effecting transfers; exceptions can be granted only on certain grounds and after securing the approval of the Chief Minister. Maharashtra hopes that this new Ordinance, the first of its kind in India, will deter interference by the large number of MLA's and short-circuit the "transfer industry" in the state.

15.   Tamil Nadu has taken important steps to curb political interference in transfers, particularly in Health and Education. Both departments introduced 'counseling' systems for the first time in 2002-03 to provide an objective basis for authorizing transfers. In Education, elementary and secondary school-teachers, some 310,000 employees, may only be transferred if a vacancy exists caused by retirement, promotion, resignation, or death. Transfers requests are registered, acknowledged, and displayed, along with vacancies, on a board outside the office of the Assistant Director of School Education in each district. Requests are prioritized on the basis of several criteria in descending order including wives of servicemen, physically handicapped teachers, widows over 40 years of age and unmarried women, teachers who have served for more than three years in a given school, and spouses separated by their jobs. Counseling sessions occur in May and June and are carried out publicly at a pre-announced location and time. Transfer orders are issued on the same day as the counseling session. GoTN has also set minimum floors for transfers to occur: For example, no teacher can apply for a transfer from a primary school with less than two teachers, while requests will not be considered if they result in a numerical reduction of certain important teacher cadres to below 2/3rds of their sanctioned strength, including post-graduate, physical education, middle education, and Tamil teachers. In the case of schools in hilly or backward regions, a teacher transfer can be effected only when a replacement physically arrives. For request transfers, excluding special categories, one must have served for a minimum of three years before being eligible for counseling. Teachers are happy with the new system because it is viewed as fair and bribes do not have to be paid to secure transfers, while high-level administrators, such as Directors, who spent an inordinate amount of time on transfers, no longer have to do so. With more discipline through counseling, fewer transfers seem to be occurring during the school-year as well. The role of MLA's, local notables and association officer-bearers has been greatly reduced as a result of counseling.

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[6]   Ibid, p. 57, paragraph 55 (i).

16.   Counseling also applies to all medical and para-medical staff in the Health and Family Welfare Department, including doctors, nurses, laboratory technicians, and pharmacists, among others. The system was first introduced in April, 2002, with a variety of criteria including – in descending order – personnel seeking to join their spouses, wives of servicemen, people certified as at least 50% disabled, women, and, lastly, station seniority. In October, 2002, citing the difficulty of administering this system of preferences even-handedly and without manipulation, GoTN drastically simplified the process by making station seniority the sole criteria for prioritizing requests for transfers through counseling. Like in Education, the Department set minimum floors for transfers to occur: transfers were disallowed in medical institutions that had a vacancy rate for 15% or more; at least 75% of posts in such institutions were to remain filled at all times; for Primary Health Centers (PHC's), at least one medical officer had to be present out of two sanctioned posts and two present out of three sanctioned posts. The Department also ruled that it could, if it wishes, choose not to place vacant urban position on the vacancy list to discourage staff from moving from rural to urban areas too quickly, reinforced the requirement for entering staff to spend time first in a rural district, and prohibited medical officers with special qualifications from seeking postings to Tamil Nadu's well-equipped, and hence coveted, Employee State Insurance (EIS) Dispensaries. There are concerns that withholding urban vacancies will not stop staff from using influence to secure access to such posts at some point; abolishing the post altogether and shifting it to a needy PHC or district hospital might achieve this purpose better. As in Education, counseling occurs in four different centers around the state, with transfer orders issued on the same day.

17.   Both the Health and Education Departments are now planning to computerize their counseling systems in 2004/05. The only state to have computerized counseling is Karnataka's Education Department which, introduced the system in 1999, suspended it in 2001 for political reasons, and then re-introduced it in 2003. Rules for prioritizing requests were made explicit and coded and an electronic database of available vacancies created for matching with transfer requests. Employees seeking transfers were then called in order of priority for a counseling session where such matching was done on-line. Electronic transfer orders were then generated and the vacancy database updated. The process was quick, user-friendly, and transparent: The system enjoys considerable support from the rank-and-file of teachers.

18.   The Government has also recently issued a GO covering transfers in the entire civil service. The GO specified transferring authorities, established norms for three- to seven-year tenures for most post, limited transfers to 20% of cadre strength and to the season only, and announced the creation of a public transfer database on the internet to track transfers over time. The creation and implementation of a public transfer database on the Internet to track transfers will provide a basis for formulating additional measures to improve the transfer process, including statutory means if necessary. Recent announcement of transfers, post national elections, however raises questions on the Government's intent to implement the GO.

II.   IMPROVING TRANSPARENCY AND ACCOUNTABILITY

19.   Tamil Nadu has made important strides towards improving transparency and accountability in a variety of areas, including access to information, procurement, and recruitment; more, of course, could be done to strengthen these gains: This section reviews these issues – and others, including institutional mechanisms to combat corruption effectively.

Access to Information

20.   Tamil Nadu passed the country's first Right to Information Act (RTI) in 1997; the Act itself, however, was deeply flawed. The Act has 22 exemptions with several sub-classes that do much more to prevent information from flowing freely to citizens rather than enhancing it. These exemptions are sufficiently numerous and broad enough to make virtually all Government information off-limits to the public if interpreted literally. While most RTI Acts in India and globally provide for automatic and pro-active release of certain categories of information on a *suo-motu* or routine basis, there is no such provision in the Tamil Nadu law. It also lays down no penalties for non-compliance and fails to establish an independent channel for appeals. The Act contains no provisions for indexing or cataloging Government records, training information officers, publicizing the law and/or the procedures for seeking access to information, or creating an RTI Commission to oversee its working. The law falls below current GOI standards set in the Freedom of Information Act, 2002 as well as state laws in place in Delhi, Karnataka, and Maharashtra (whose new 2002 law, probably the best in the country, recently received presidential assent). The current law has also been criticized by some NGO's, including the Chennai-based Catalyst Trust and Commonwealth Human Rights Initiative.

21.   GoTN has stated that a "new Right to Information Bill is under consideration, so as to institutionalize open and participatory administration."[7] Key features of such a bill should include:

- Permitting few and focused exceptions only: The new Maharashtra law, for example, allows for disclosure of most Government information at all levels, including Cabinet materials, except when such disclosure would prejudice national security, international relations, endanger lives, or impede legal investigations or prosecution. All information available to the legislature would have to be provided to the public as well.
- Asking Departments, in conjunction with NGO's and other stakeholders, to classify the kinds of information that can be released on a *suo-motu* basis.
- Providing for whistleblower protection, shielding officials who report wrong-doing in Government in the public interest from any negative consequences (similar provisions exist in the South African and Irish freedom of information laws and the Sri Lankan draft bill; the US and UK have separate laws protecting whistleblowers).
- Imposing penalties for officials, including fines for failure to provide information within the stipulated time period and imprisonment for willfully failing to disclose admissible and/or destroying information.
- Establishing an independent Commission, similar to Delhi and Maharashtra, to monitor the process of implementation, report to the legislature, improve awareness, and hear appeals.

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[7]   Tamil Nadu Legislative Assembly, <u>Address by Thiru P.S. Ramamohan Rao, Governor of Tamil Nadu</u>, January 23, 2003.

- Providing for an independent appeals process, similar to the new Maharashtra law, which allows for a first appeal to the Secretary of the Department followed by a second appeal to the Ombudsman ("Lok Ayukta") or, in the case of Ireland and South Africa, the Commission.
- Appointing/Training Public Information Officers and requiring them to provide information to the Commission relating to number of requests received and met every year; the names of officers denying requests; the number of internal appeals filed and their disposition; the fee schedule; and any departmental guidelines on how to implement RTI.
- Reforming GoTN's conduct rules to mesh with the changes ushered in by a new RTI bill.
- Requiring Government departments to both catalogue and index records on a regular basis to facilitate public access. Reviewing and improving current record management practices.

22.   It is important to point out that, despite a very weak law, GoTN has in fact released a considerable amount of information through its website (www.tngov.nic.in) including Acts, Rules, and Government Order's; reports, policy notes, official speeches, and the latest budget; citizen charters, property guideline values, application forms for utility services, and a guide on pensions; high court cause lists and judgments; a comprehensive directory of all Government officials, including their email addresses; and detailed links to other relevant sites. There are few facilities for on-line transaction processing (OLTP), although small-scale entrepreneurs can receive a provisional registration certificate on-line. Job-seekers can register, and post resumes, with the Department of Employment and Training.

Procurement Reform

23.   GoTN's High Level Committee for Administrative Reforms and Prevention of Corruption provided extensive recommendations in 1997 on how to improve the procurement system, including providing wide publicity to tender documents; conducting all procurement through openly advertised tendering except in specified circumstances, pre-disclosure of eligibility and evaluation criteria; public opening of bids and evaluation by committee, publication of tender decisions and reasons for choosing the winner, and the right of appeal for aggrieved bidders.[8] These recommendations were largely accepted by the Government, which consented to the passage of the Tamil Nadu Transparency in Tenders Act in 1998 (the first in India followed next by Karnataka's 2000 law); however, the Act and Rules came into effect only two years later on October 1, 2000. The Act/Rules provide for the creation of separate tender inviting and accepting committees to oversee the procurement process in departments, the publication of a tender bulletin for the state and each district containing all tender notifications and decisions, along with a comparative explanation of why a particular bid was successful; wide dissemination of the Tender Bulletin in all Government offices, local bodies, and universities, as well as by subscription; full disclosure of technical and commercial information in tender invitations and their publication in the Indian Trade Journal for contracts over Rs. one crore; mailing of tender documents to bidders and bids to Tender Inviting Committees; opening of bids in the presence of bidders; and a minimum time-period between publication of notifications and the final date for submitting bids, 15 days for contracts under Rs. two crore and 30 days for those above. Bidders are banned from "unsolicited" contact with Tender Accepting Authorities, which must makes its decision, in most instances, by screening bidders initially on the basis of technical merit and then the lowest evaluated price, whether through a two-cover system involving both a technical and a financial bid or a list of registered contractors for smaller value bids. Exceptions to the stringent

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[8]   Government of Tamil Nadu, High Level Committee for Administrative Reforms and Prevention of Corruption, First Report (June, 1997)

provisions of the Transparency Act are available during declared natural calamities and emergencies; when a product or technology is available from a single source only or for reasons of standardization; for goods and services provided by Public Sector Undertakings for initially two years and later extended to four years; and low value procurement of less than two lakhs. In addition, there are special exemptions for purchases of items such as cotton, sugar, and milk by Government-owned or supported mills, co-operatives, and PSU's. The Act/Rules provide for an internal appeal only.

24.   While it might be clearly desirable to trim these exceptions further, particularly in the case of PSU's, Tamil Nadu has nonetheless led the way in procurement reform in the country. The issue now is to institutionalize these good practices across a far-flung Government: The World Bank conducted an assessment of procurement in Tamil Nadu in 2001 and identified several key challenges to ensure the effective working of the new regime. These included:

- Establishing a Central Procurement Cell housed in the Finance Department to monitor implementation, issue clarifications, and report on progress over time.
- Revising all procurement codes, rules, and manuals across Government, starting with the old PWD, Finance, and Accounts codes, to ensure compliance with the overarching framework created by the Transparency in Tenders Act and its rules framed in 2000.
- Developing Standard Tender Documents for use across Government to ensure uniformity in the disclosure of eligibility and evaluation criteria for bids, as well as better monitoring of procurement and making these available for downloading from the web, as well as for sale on the market. Variations necessitated by the specificities of departments will be noted in the section on "Special Conditions" in the tender document.
- Banning exemptions from payment of bid and performance security deposits for small-scale industries, as well as PSU's and others, and the elimination of price and purchase preferences, for them within two years.
- Revising the Schedule of Rates in line with current market rates by an objective committee, as well as update the data-book.
- Mandatory third-party inspection for minor works on a sample basis in each of Tamil Nadu's districts to verify quality and public disclosure of findings.
- Prohibiting the splitting or division of contracts among bidders, unless the lowest tenderer lacks the capacity to complete the work or has offered to perform only a portion of it.
- Expanding the scope of the Act and its rules to cover consultant and other professional services.
- Computerizing performance data for contractors; making bid capacity (a combination of a company's ability to execute a bid, including its financial health, manpower, equipment, and previous performance) mandatory criteria for an award; and restricting contracts below Rs. 20 lakhs to registered contractors.
- Providing aggrieved bidders with an independent channel of appeal instead of only the 'Government,' as under the current law.
- Offering training to staff in procurement laws, rules, and practices through the Government directly, training institutes, such as the Anna Institute of Management, and/or universities.
- Encouraging the progressive introduction of electronic tendering procedures in selected organizations to increase transparency and efficiency, and facilitated by the passage of the Information Technology Act in 2000 by Parliament.
- Strengthening the procedures for blacklisting business firms who violate procurement rules.
- Conducting periodic public opinion surveys on perceptions of corruption in departments and PSU's and publishing their results.

25.   GoTN established a Procurement Procedures Cell in the Finance Department in October, 2002 to supervise the implementation of the agreed reforms and to serve as a central policy and

oversight unit for public procurement in the state. Through technical assistance from the Bank, GoTN has begun implementing these recommendations through a comprehensive procurement reform action plan. The implementation of the procurement reform action plan is expected to be completed over three years (2004/05-2007/08). This will include: setting up a complaint/challenge/appeal mechanism; finalizing and issuing five sets of Standard Bidding Documents; finalizing the revision of Finance, Accounts, and Public Works codes; improving works procurement procedures; introducing code of ethics for officials and the business community and tightening enforcement; evaluation of reservation and exemptions with a view to provide a level-playing field; enlarging the scope of rules to cover consultant selection procedures; and issuing guidelines and directives on procedural improvements.

**Anti-Corruption Institutions in Tamil Nadu**

26.   In the wake of the recommendations of the Santhanam Committee (1964) set up by the Government of India to address the problem of corruption, Tamil Nadu established the Directorate of Vigilance and Anti-Corruption (DVAC) the same year and created the office of the Vigilance Commissioner the following year. The Vigilance Commissioner, who is appointed by the Governor on the advice of the Chief Minister, has supervisory control over the DVAC. Only the Chief Minister can order a DVAC inquiry or decision to prosecute against a current Cabinet Minister or MLA, usually relayed through the Vigilance Commissioner. Nor can the Vigilance Commissioner authorize investigations against IAS officers, HoD's, District Collectors, and Managing Directors' of PSU's, or their prosecution, without the prior approval of a committee consisting of the Chief Secretary, Vigilance Commissioner, and the Secretary of the Department concerned, and again subject to the approval of the Chief Minister. For other Group A and B officers, DVAC requires the permission of the Vigilance Commissioner only to initiate an inquiry, whether preliminary ("discreet" in the parlance of the trade) or detailed, as well as any subsequent prosecution. DVAC can initiate an investigation against any Group C or D officer but still needs the permission of the Vigilance Commissioner to prosecute. The Vigilance Commissioner's office is not a statutory body and the Commissioner can be removed at any time by the Chief Minister; his/her budget is set by the Personnel and Administrative Reforms (PAR) Department. The DVAC itself possesses a total staff of 742, including 500 police personnel, 27 detachments spread across Tamil Nadu's far-flung districts, and a budget of Rs. 13.84 crores.

27.   It is difficult to evaluate the success of the DVAC in combating corruption. Over ten years, the organization has convicted 315 people, laid 817 traps, arrested 1,170 accused officials, and succeeded in punishing some 1,334 people through departmental proceedings launched when DVAC feels that it lacks grounds (or sufficient evidence) for registering a formal case. There are currently 485 court cases, 386 Disciplinary Tribunal inquiries, and 829 departmental inquiries pending. Figure 3 shows the pattern of cases over time: The number of detailed inquiries (full-fledged investigations) grew steadily from 1993/94 to 1996/97, then fell through 1999/00, only to rise again to 1996/97 levels in 2002/03. The growth of registered cases was erratic between 1993/94 and 1996/97, followed by a clear downward trend between 1997/98 and 1999/00, after which they grew steadily, peaking at 102 in 2002/03. The number of trap cases was erratic from 1993/94 to 1997/98 after which they grew steadily, reaching 172 cases in 2002/03.[9] The conviction rate for registered cases, including a large majority of trap cases involving lower-level officials caught in the act of taking bribes, was high ranging from 88% in 1993/94 to 90% in 1997-98 to 84% in 2002-03, with the exception of 1996-97 (only 39% of those trapped in that year were actually convicted). With a lower proportion of trap to

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9   Recent data shows that the number of registered cases has increased to 165 in 2003/04 while the number of trap cases has fallen to 156.

other cases, the conviction rate would probably fall because trap cases are by definition easier to prove in court.

Figure 3: Inquiries/ cases registered
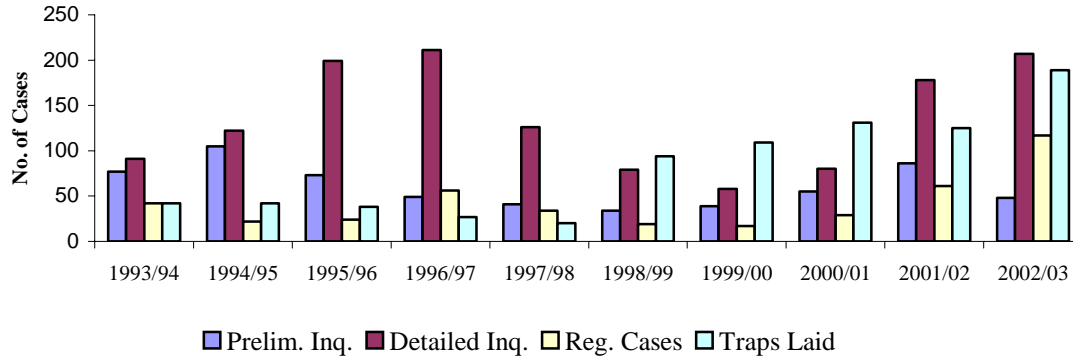
28.   Registered cases as a proportion of detailed inquiries (Figure 4) stood at 46.2% in 1993/94, fell substantially to 12.1% in 1995/96, increased to roughly 26% for the next three years, and then climbed upwards to reach 36.3% in 2000/01 and 56.5% in 2002/03. DVAC's performance improved in the last couple of years compared to most of the 1990's: The chances that a detailed inquiry would end up in a decision to prosecute was substantially higher in 2002/03 compared to the rest of the period, while detailed inquiries, trap cases, and decisions to prosecute registered an upward trend between 2000/01 and 2002/03 (in the case of detailed inquiries this meant a return to prior levels attained in the mid-1990's).

**Figure 4: Registered cases as a proportion of Detailed Inquiries :
1993/94- 2002/03**
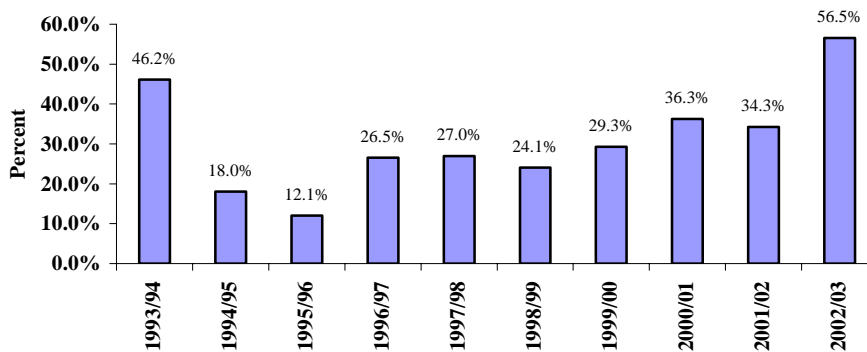
29.   The number of petitions concerning allegations about corruption held steady throughout the period, as Figure 5 demonstrates, with the exception of two peaks in 1997/98 and 2002/03. Noteworthy, if difficult to explain, is the dramatic increase in petitions from 3,293 to 7,282 in one year from 2001/02 to 2002/03.

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Figure 5: Number of Petitions : 1993/94 - 2002/03
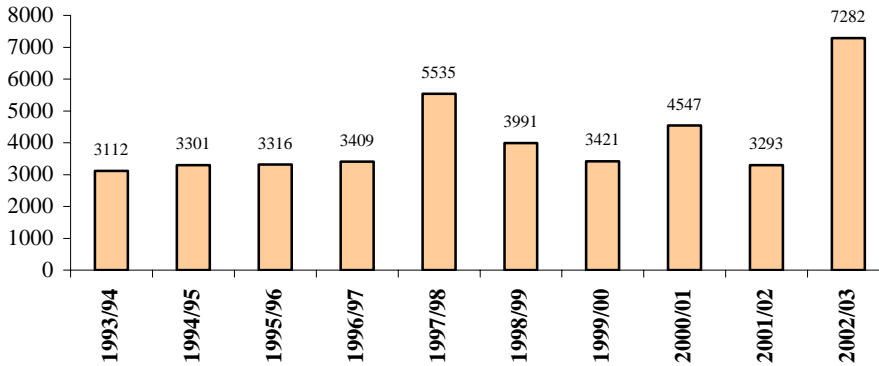
30.   Yet, as Figure 6 shows, fewer petitions in 2002/03 were formally investigated than in 2001/02: In fact, the proportion of vigilance reports, concerning inquiries, relative to petitions fell noticeably from 5.5% to only 3.1%, far below the high of 7.8% recorded in 1993/94. This implies that most of these new petitions lacked substance and were not worthy of serious investigation. The reasons for the spurt are unclear: It may simply reflect the politicization of the corruption issue in Tamil Nadu or a change in the way petitions are counted and registered.

Figure 6: Total Reports as a proportion of Petitions
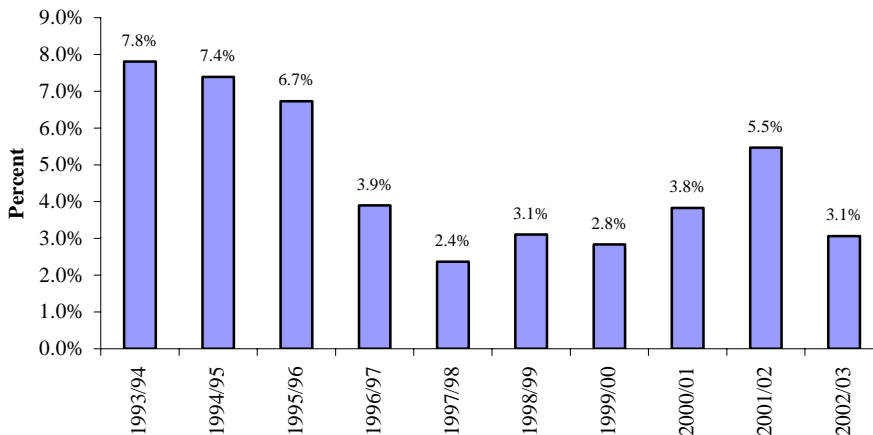
31.   Tamil Nadu's anti-corruption machinery faces several challenges to improve its effectiveness. Operationally, the DVAC has focused more on traditional raid-and-trap cases. The department is relatively less well-equipped to handle more complex cases relating to procurement, the execution of works, and corruption in service delivery. Unlike Karnataka, which has separate Vigilance Directors for health and education, the Bangalore City Corporation (BCC), and the Bangalore Development Authority (BDA), the DVAC is dominated almost entirely by officials on deputation from the police services at all levels. To assist the investigation officers, the DVAC has a technical team of Engineers, Auditors and Legal experts. Re-orienting the DVAC away from simply pursuing raid-and-trap cases to more complex crimes, as well as redressing grievances and cracking down systematically on corruption in service delivery would enhance the utility of its work. This is not to say that the DVAC has been absent from these areas: DVAC is, for example, informed automatically

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of any ongoing project worth more than Rs. 10 lakhs; in addition, the DVAC recently arrested several doctors in the cardiology wing of Chennai's General Hospital for soliciting bribes from patients and, from another hospital, ward staff for pilfering meals intended for patients. DVAC officials in fact welcomed the idea of focusing more on malfeasance/grievance redressal in service delivery, but the organization will need some restructuring to do so effectively. Nor is the functioning of the DVAC and the Vigilance Commission as transparent as one might hope: Neither organization has a public website with routine information relating to landmark cases; their rules, structures, and contact information; and data on complaints filed by type, pending cases, grievances resolved, and conviction rates over time. The last time the Vigilance Commission tabled its Annual Report in the State Assembly was in 1996/97; Annual Report for subsequent years have been completed but have not been cleared for submission to the State Assembly and are, in effect, pending with the Public Department. More also needs to be done to strengthen departmental disciplinary inquiry processes since a significant number of DVAC cases are referred to departments for action. The pendency rate for these inquiries has fallen only modestly between 1995/96 and 2002/03. In order to improve this situation, GoTN might consider speeding up the flow of information from DVAC to Departments, providing legal assistance to departments in framing charges, monitoring the progress of such cases and taking corrective action, introducing pecuniary fines, payable upfront unlike withholding a salary increment, as a minor penalty, and mandatory dismissal or compulsory retirement for corruption under Rule 19 of the Tamil Nadu Civil Services Act.[10] GoTN has moved to place Commissioners of Disciplinary Enquiries in all of Tamil Nadu districts to accelerate the process, but it remains to be seen how effective they are. GoTN might consider placing Internal Vigilance Officers in departments under the direct control of the Vigilance Commission, rather than the HoD or Secretary.

32.   The GoTN High Level Committee for Administrative Reforms and Prevention of Corruption (1997) recommends a statutorily independent, three-member Vigilance Commission (with supervisory powers over the DVAC as at present) as a solution to the problem of politicization. Although the previous Government did not accept the Committee's recommendations, they remain valid in the present context. The Committee suggested implementing a system similar to the Ombudsman ("Lok Ayukta") proposed for states and the country by the Administrative Reforms Commission (1968). The State Vigilance Commission would become a legal body with statutory independence; its members would be appointed by a committee consisting of the Chief Minister, Speaker of the Legislative Assembly, and the Leader of the Opposition of the Legislative Assembly ; members would be appointed for a fixed term of five years and would not be removable except by a vote of 2/3rds of the State Assembly on the ground of proven "misbehavior" or "incapacity" only; its ambit would include both addressing corruption under the Prevention of Corruption Act, as well as maladministration, including abuse of power, negligence, favoritism, and undue delay; and its writ would apply to all public servants, including the Chief Minister, Cabinet Ministers, members of the State Assembly, Chairpersons of PSU's, and all high-ranking officials (lower-ranking officials would be dealt with directly by the DVAC working under the supervision of the State Vigilance Commission). The Commission would have the power to requisition needed documents, summon any person to appear before it, appoint investigating staff (in addition to the DVAC), and file formal charges if warranted.[11]

33.   Fourteen states have established the office of the Ombudsman or Lok Ayukta: There is a clear consensus that the Karnataka Lok Ayukta is the most effective and equipped of any such organization

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[10]   Rule 19 states that "no Government servants shall involve him or herself in any act involving moral turpitude on his/her part, including any unlawful act, which may cause embarrassment or which may bring discredit to the Government."

[11]   Government of Tamil Nadu, High Level Committee for Administrative Reform and Prevention of Corruption, Second Report, September 1997, Chapter 16, pp. 153-171.

in the country.[12] The Karnataka Lok Ayukta Act vests the Lok Ayukta with wide statutory powers ranging from investigating corruption to addressing citizen grievances at any level arising out of maladministration against any public servant, including the Chief Minister – he also has the right to initiate prosecution directly. Karnataka's Lok Ayukta is appointed for a fixed term of five years by the Chief Minister in consultation with the Speaker of the House, the Leader of the Opposition, and the Chief Justice. Once appointed, he can only be removed for "proven misbehavior" or "incapacity" by the Governor after a 2/3rds majority vote in both Chambers of the legislature. The Lok Ayukta has a large budget of Rs. 6.7 crores and wields control over an investigative staff of 500, including police officers on deputation (Karnataka's Vigilance Department/Establishment were merged with the Lok Ayukta when the latter was created in 1984). The capacity of institution to address service delivery issues has been greatly enhanced, as noted earlier, by creating new Vigilance Director positions' under the Lok Ayukta for health and education, as well as the BCC and BDA. The current Lok Ayukta have been active in investigating corruption in health and educational facilities around the state, visiting districts and *Taluqs* to hear complaints on a regular basis, unearthing large financial scams in Karnataka's city municipal corporations, and raiding regional transport and stamps and registration offices. The growing activism of the Lok Ayukta has forced many departments to furnish effective redress to citizens to avoid further investigation and adverse media attention. The Lok Ayukta has an extensive website with information on relevant procedures and laws; major judgments; and forms for filing complaints (www.kar.nic.in/lokayukta).   An independent institution to combat corruption and maladministration in Tamil Nadu would go a long way in improving the credibility of the state's anti-corruption machinery, strengthening service delivery mechanisms, and generally empower citizens' in their dealings with Government.

34.   Building on various ongoing governance reform initiatives, the Government has issued a Government Order to establish a high-powered Governance Reform Commission to recommend the structure and modality for an independent institutional mechanism to address public grievance and corruption in service delivery. The high-powered Governance Reform Commission will (i) prepare an action plan with monitoring indicators for improving 10 critical services with a large public interface; (ii) suggest the structure and modality for an independent institutional mechanism to oversee public grievance management and handle corruption complaints in service delivery; and (iii) recommend measures to strengthen the Government's capacity to implement a broader program of governance reform including modalities for encouraging well-informed public debate and building broad-based consensus on priority issues. Meanwhile, steps have been taken to create a public website to disclose information.

III.   SERVICE DELIVERY

35.   GoTN continues to place high priority on strengthening service delivery in a range of areas. Recent efforts to improve service delivery have targeted agencies, such as Registration Department, Chennai's **Metrowater**, and Regional Transport Office (RTOs), as well as the Public Distribution System (PDS). In addition, GoTN has concentrated on improve the working of urban local bodies (ULB's), as well as rural service delivery through the growth of information kiosks in villages and the computerization of land records. This section provides an analysis of some of the changes underway and identifies challenges, including making many of the state's citizen charters more effective.

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12   See, for example, Proceedings of Sixth All-India Conference of Lok Ayuktas and Upa-Lok Ayuktas, January 23-24, 2001, New Delhi.

Simplified and Transparent Administration of the Registration Department (STAR)

36.   The registration department has made important strides towards improving its capacity to deliver services. Approximately 350 out of 600 offices have been computerized, allowing for the automatic calculation of stamp duty, eliminating discretion; the immediate issue of encumbrance certificates, and the speedy delivery of previously scanned, certified copies of deeds and other documents. The Department has networked all of Chennai's 20 sub-registries, allowing a customer to obtain encumbrance certificates, certified deed copies, or guideline values for any property at any office in the city; networking has facilitated central performance monitoring by the Inspector-General (IG) - the department plans to extend **Reginet** across the state.   An excellent website (http://igregn.tn.nic.in) provides information on guideline values, frequently asked questions, fees, and important circulars and GO's, as well as sample deeds to break the stranglehold of official deed-writers in the process; the website allows customers to apply on-line for an encumbrance or marriage certificate, using **Reginet**, and file complaints viewed by the IG.   Computerization by itself has reduced the time required to issue an encumbrance certificate from 8 days to five minutes; value a property from 30 to five minutes; provide certified copies from 4 days to 60 minutes; and register a document from 4 days to one hour. The department has closed forty remote offices with very low volumes of business; weeded out some long-time employees known to be corrupt, and reduced the discretion of Special Deputy Collectors in revising rates on appeal by providing them with data on prior land transactions and asking for reasons to justify any reduction below the established base rate. These reforms, according to the IG, boosted revenue from the Department by 30% between 2001/02 and 2002/03 from Rs. 1,264 crores to Rs. 1,648 crores.

37.   Unlike Maharashtra and Karnataka, which have both outsourced the running of all Sub-Registries, Tamil Nadu has chosen to reform the department in-house.   There are worries that outsourcing will generate serious resistance from the Department's 5,000 employees, who have gone along with the computerization process because it has been perceived as a way to reduce drudgery, not precipitate job losses.   Yet, not doing so may make these reforms potentially reversible: An ambitious program to computerize the Transport Department in Maharashtra in-house ended in failure as employees went back to manual processes after the initial pressure to reform was taken off. Further reforms that should be considered, and proposed by the Tax Reforms and Revenue Augmentation Committee, include the creation of a Central Valuation Committee to establish guidelines for valuation by District Committees to reduce manipulation; revaluing only once in three years; drastically simplifying the criteria for assessing building; and eliminating the use of stamp paper, except for low-value transactions, through the of use of franking machines, for example (several states have faced racketeering in fake stamp paper, including Maharashtra, Andhra Pradesh and Karnataka, which recently banned its use over the objections of the powerful stamp vendors lobby).

Land Records

38.   Providing farmers timely access to land records is a crucial service that makes it easier not only to buy and sell land, but secure bank credit. In India, the process of securing land records from village accountants has often become both time-consuming and prone to corruption. A survey by the Public Affairs Center to evaluate *Bhoomi*, Karnataka's land records computerization program, showed that 79% of all users in the computerized system were able to secure access to their land records without meeting an official, other than counter staff, as compared to 19% under the manual regime. The weighted average of bribes paid under the manual system was Rs. 159.46 versus Rs. 3.09 under the computerized system; only three percent reporting paying a bribe in the computerized

setting, compared to 66% of those using the manual system.[13] Long delays in receiving land records has been replaced with same-day service across the state's *Taluqs*.

39.   GoTN has completed the process of computerizing land records in all the state's 210 *Taluqs*. In order to ensure the satisfactory working of the system and avoid the confusion arising from maintaining both a computerized and manual set of land records, GoTN has just issued an order, dated September 3, 2003, banning the use of manual records in the state, as did Karnataka. GoTN officials worked hard to ensure that accuracy of its database of land records by carefully comparing the computerized and manual lists: If the error rate in any *Taluq* was above five percent, the entire process of data entry was repeated; if less than five percent, the errors were checked individually through a site visit. *Patta* (as land records are known in Tamil Nadu) transfer camps were held in different Taluqs to allow farmers to raise inconsistencies and get them corrected by revenue officials. What GoTN has not done, and might consider doing, is to offer a free copy of the computerized land record to all farmers to facilitate easy detection of errors, as in Karnataka. This is all the more important given the widespread perception that the village assistants, who in 1980 replaced the hereditary *Karnams* (traditionally responsible for administering all village records), have generally proven less adept at this task and rarely live in the villages they serve. GoTN's High Level Committee on Administrative Reforms and Prevention of Corruption, noting the deterioration of land records in Tamil Nadu, recommended that village assistants be appointed on a contractual basis to reduce corruption and improve accountability. It will also be necessary to network land records to **Reginet** to ensure that all land transactions authorized by the Registration Department are reflected in the land records database maintained by *Taluq* offices, an important lacuna in the old manual process. Biometric scanning could be introduced to prevent tampering with land records. Once the new system stabilizes, it will be useful to conduct a user survey to track improvements and pinpoint any possible problems.

40.   All land records are now available across the counter for a fee of Rs. 20; in addition, a few farmers can view their land record at touch-screen kiosks installed in 29 model *Taluqs* (one per district). These kiosks provide not only land records by village and survey number, but birth and death certificates; information on eligibility for different schemes and programs, such as old age pensions; and access to **STAR**, including guideline values for the *Taluq*. The program began in October, 2001; the roll-out to the remaining 179 *Taluqs* is likely to accelerate now that all land records are on-line.

Rural Access to Services through the Internet (RASI)

41.   This is one the most important initiatives to improve rural service delivery and bridge the digital divide in Tamil Nadu. RASI involves delivering a variety of services to rural villages using wireless technology: It is based on a collaborative approach involving the Indian Institute of Technology (IIT), Madras, N-Logue, a private company, the Center for Entrepreneurial Development (CED) in Madurai, and GoTN. IIT developed CORDECT, a variant of DECT (Digital European Cordless Technology), to provide a more efficient form of wireless connectivity, using less power and covering a larger radius. N-Logue was responsible for constructing wireless signaling towers, connected to the state's fibre optic network and the Internet Service Provider (ISP), running and maintaining the CORDECT system, and setting up internet kiosks in the villages covered by the program. CED, at least in Madurai, provided training to kiosk operators, while GoTN initiated the process of allowing Government services to be delivered through the kiosks.

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13   Public Affairs Center, Report Card on Bhoomi Services, November 2002 (see http://www1.worldbank.org/publicsector/bnpp/Bhoomi.pdf for the report).

42.   The Bank had an opportunity to visit two villages, both in Melur *Taluq* in Madurai district, to see these kiosks firsthand: The kiosks were located in a prominent spot in the village, a tea stall in one case, and staffed by a young female operator from a self-help group (SHG). The kiosks were used to provide a range of useful services, including speedy grievance redressal (in one village an email to the Chief Minister was enough to secure action from a negligent Tehsildar); providing critical information, such as crop prices in the district's seven *Mandis*, canal irrigation timings, guideline values, and eligibility criteria for schemes; posting questions and receiving medical advice from doctors, including a local gynecologist; and promoting distance learning for secondary school exams. Villagers can also send application forms to Government offices on-line for various certificates, which are collected by the operator and delivered to the applicants by hand. A web-camera installed at the kiosks allows people suffering from eye defects to send photos of their eye to Madurai's Eye Hospital for an initial analysis – this has been extended to photographing diseased crops for analysis at the local agricultural university. The kiosks allow villagers to contact officials by email and get quick assistance in an emergency: When several cases of malaria broke out in a nearby village, health officials received an email and arrived the following day. They also offer interesting business applications, such as linking villagers to buyers and sellers of farm equipment or providing them access to life insurance offered through the website of the Life Insurance Corporation of India (LIC).

43.   Initially, N-Logue provided both hardware and software free-of-charge, while operators worked out of their own homes to save rental costs. Yet, it seems that these kiosks are viable: income is derived partly from villagers surfing the net, sending emails, and printing documents, as well as from conducting computer classes in the evenings. Basically, profitability appears to be a function of population size, a proxy for usage: N-Logue's CEO claims that villages with a population size greater than 500 are profitable. Profitability is likely to rise if GoTN provides access to land records through these village kiosks, eliminating the need to visit *Taluq* headquarters and the resultant expense of time and money. Karnataka plans to mount land records on its rural kiosks, and will charge Rs. 25 for doing so, instead of the current rate of Rs. 15 at *Taluq* offices. N-Logue also plans to offer long-distance telephone services at its kiosks in Tamil Nadu to raise profit margins: It says that the primary obstacle to expanding the system is the cost of towers, currently Rs. 500,000-600,000 per tower. GoTN has announced its intention in an order dated July 23, 2002 to roll-out RASI to secure a partial presence in, at least, ten districts. Similar efforts are underway in Karnataka and Andhra Pradesh.

Public Distribution System (PDS)

44.   Ensuring food security has been an important priority of successive Governments in Tamil Nadu since the late 1960's when the state faced severe food shortages. A survey conducted by the Public Affairs Center (PAC) show that Tamil Nadu's PDS ranks first in the country followed by Sikkim and Andhra Pradesh on several parameters, including access (with 88% of rural users in Tamil Nadu reported access an outlet within one kilometer compared to 67% in Karnataka and 43% in UP and 90% possessing ration cards compared to 79% in Karnataka and 71% in Andhra Pradesh), usage (98% used the system at least once in two months in Tamil Nadu compared to 67% in Maharashtra), and reliability (73% said that staple foodgrain was always available in Tamil Nadu compared to 47% in Karnataka; while 71% reported that prices were always displayed in Tamil Nadu compared to 81% in Kerala and 79% in Gujarat). Fewer respondents expressed full satisfaction with the quantity of supplies (22% in Tamil Nadu compared to 7% in Karnataka and 13% in Andhra Pradesh) or their quality (19% in Tamil Nadu compared to 14% in Karnataka).Overall, however, 64% of all respondents in Tamil Nadu expressed some form of satisfaction with the system, 32% neither satisfaction nor dissatisfaction, and 4% outright dissatisfaction, according to another survey by Catalyst Trust. Users complained that issuing ration cards took too long, approximately 88 days instead of the 7 to 14 days specified by the Government; the waiting time to purchase food at PDS

outlets was also regarded as too long by 60% of all users. Only six percent of all respondents were aware of the existence of the citizen charter for PDS, although 91% said that staff was courteous.[14]

45.   Tamil Nadu has sought to improve the institutional working of PDS in the last two years. Tamil Nadu has traditionally provided universal food security coverage, despite the introduction of targeting by GOI for PDS. The state, for example, has issued 16.08 million family ration cards when there are only 14.4 million households, according to the 2001 census. In order to winnow the number of customers using PDS, without abandoning universal coverage, GoTN asked families to "opt": for either pink cards for rice or yellow cards for an extra increment of sugar or kerosene in lieu of rice, reducing the resultant off-take of rice from the system. Later, GoTN asked all pink card holders to opt for coupons to actually draw their rice rations: Because fewer households (10 million) collected coupons than held pink cards (13.6 million), off-take fell correspondingly.   In addition, issuing coupons made it easier to track purchases with supplies issued to each of the state's 30,000 PDS outlets, reducing corruption. All family cards expired on December 31, 2003. New cards will use digital photographs and a unique control number to improve tracking and reduce fraud. Rice coupons have been given up recently following the ruling party's defeat in the national elections in May 2004, representing retraction to universal coverage. GoTN is developing an information system for the Civil Supplies Department to track food stocks across Fair Price Shops (FPS) and recently beefed up its vigilance activities to deter diversion by FPS managers. Over time, GoTN could consider selling food stocks through private distribution channels, rather than the PDS system, which beneficiaries could access through vouchers.

46.   In the area of procurement, GoTN abandoned the practice of procuring rice independently of GOI - from its own reserves and at a higher rate than the minimum support price offered by GOI – and became an agent of the Food Corporation of India (FCI) in 2002-03. Price policy have proven a more delicate issue: In October, 2002, GoTN abandoned the flat rate of Rs. 3.50 per kg for rice in favor of a dual pricing approach (Rs. 3.50 for the first 10 kgs and Rs. 6 per kg for the next 10). This, along with procurement reform, contributed significantly to the decline in the food subsidy bill from Rs. 1,540 crores in 2000/01 to Rs. 1,241 in 2002-03. On August 15, 2003, the Government reversed course and restored the old flat rate of Rs. 3.50 per kg: This will entail a substantial financial outgo from the state exchequer and shift the onus back to the importance of developing an efficient targeting system, which, as the experience of other states shows, is not easy to design and implement well.

Chennai Metrowater

47.   The Chennai Metropolitan Water Supply and Sewerage Board (**Metrowater**) serves six million people and has more than 300,000 connections in the Chennai area. **Metrowater** has taken several important steps to improve its capacity to deliver services to customers. It is one of the few organizations in Tamil Nadu to possess a citizens' charter that actually specifies minimum standards for services, for example, repairing hand-pumps (attended to in 2 days), delivering water tankers to short-supply homes (two hours), and installing new connections (seven days to issue a work order and 30 to complete the job); in addition, the charter provides information on charges and taxes, how to file a complaint, and useful contact information. The charter has been revised thrice by an independent customer service committee, including NGOs. **Metrowater** has also introduced a computerized grievance tracking and redressal system: Complaints can be filed at headquarters, as well as area and depot offices; an acknowledgement is provided and the complaint immediately relayed by wireless to depots. Ten complainants a day are picked randomly to fill feedback forms. All complaints are

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[14]   For more details see, Public Affairs Center, <u>State of India's Public Services: Benchmarks for the New Millenium</u>, April 2002; and Catalyst Trust/Public Affairs Center, <u>Citizens' Audit of Public Services in Rural Tamil Nadu</u>, February 2001.

logged into a computer and catalogued by type/geographical area to provide systematic feedback to top management and analyzed on a monthly basis. **Metrowater** has streamlined its billing procedures: all customers are assigned a billing card with a unique identification number to track payment, bills can be paid over the internet using a credit card, through local banks networked to the **Metrowater** server, or in person at any office including headquarters. **Metrowater**, the Tamil Nadu Electricity Board (TNEB), and the Chennai Municipal Corporation have also established ten centers across the city to receive payments: These constitute the nucleus of a single-point service delivery mechanism, similar to *e-sewa* in Andhra Pradesh, although they are not networked to their departments, payment is received at three separate counters, and the services offered are still relatively few in number. **Metrowate**r at the moment collects 86% of monthly, billed consumption.

48.   **Metrowater** has a useful website that permits on-line verification of payments and arrears; access to application forms (some of which have been simplified, such as the one needed to apply for new connections), a easy-to-read consumer guidebook, answers to frequently-asked-questions, the citizens' charter, and information on rainwater harvesting. One can also check reservoir levels, submit complaints electronically, and review tender notifications and awards, including final quotes (http://www.chennaimetrowater.com). **Metrowater** is also one of the few organizations to conduct an independent user survey to gauge satisfaction levels: According to the survey, 90% of respondents regarded the quantity of water supplied as adequate and 68% the quality, 75% said that water pressure levels were normal. Complaints dealt mainly with non-supply of water (40%), contamination (15%), and sewer blockages (43%); 56% of all respondents has some form of complaint, 23% of these lodged a formal complaint, 66% received a response, and 46% were satisfied. 79% of all respondents considered the existing system of billing "good" and 76% were aware of water and sewerage taxes and charges. A large majority (71%) paid their bills at area and depot offices. Only three percent of those with individual house connections favored installing meters, not auguring well for **Metrowater's** plans to shift from flat-rate to volumetric water-pricing over the next five years.[15] **Metrowater** has also privatized operation and maintenance work in several facilities; computerized back-end payroll and accounting functions; trimmed staff from 8,200 in 1987 to 5,206 in 2002; compressed technical losses to 11%; and rationalized tariff rates and slabs, along with periodic, but staggered, tariff revisions.

Regional Transport Offices (RTOs)

49.   Progress has been less noteworthy in improving regional transport office services, including the issuance of drivers' licenses as well as motor vehicle registration and tax collection. A citizens' charter does exist but this appears to have been prepared in a pro-forma fashion without any real consultation or dissemination; the charter fails to specify minimum standards for delivering services or grievance redressal procedures, although it does contain contact information as well as a section on customer duties and requirements for different services. Computerization is still incipient: An attempt to computerize 17 offices by a private company seems to have failed and NIC is now redoing the process. The Bank team visited a model RTO at Tiruvanmiyur in Chennai: No information was publicly displayed on service standards and fees. Queries on the fee structure for various services were answered with some difficulty. Computerization appeared not to have made much headway, with the exception of the issuance of licenses with digital photographs handled by the Electronics Corporation of Tamil Nadu (ELCOT). On the other hand, the Transport Department has introduced an important road safety program, in collaboration with private hospitals, to provide rapid ambulance services on the state's major highways: There are now 13 road safety units operating three shifts each, 24 hours a day, eight units on the Chennai-Bangalore and five on the Chennai-Tiruchirapalli highways.

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[15]   Center for Data Research, <u>Management of Water Supply and Waste Water Disposal in Chennai Metropolitan Area, Final Report – Quarter VI</u>, May 2003, pp. 1-5.

50.   Urban Local Body (ULB) Computerization: All 102 municipalities and five out of six municipal corporations have shifted to computerized accrual accounting, a first in India. In addition, all municipalities and most municipal corporations have computerized several services. A Bank Team visited the municipality of Tambaram to get a sense of the changes underway: A sparkling customer service center provided an opportunity to pay property taxes and water charges; register grievances by type and receive an acknowledgement; and receive copies of birth and death certifications (all this on-line). A touch-screen kiosk situated nearby allowed customers to verify property and water tax arrears and payments due, check to see if a birth or death certificate had been included in the municipality's records, learn about different schemes and programs and their state of implementation, and obtain general information about Tambaram. Outside a board detailed the number of applications filed for a given service on that day, those acted on, and those still pending. A still larger board provided key information on schemes sponsored by MLA's and their progress, allowing for on-site verification if necessary. All the features incorporated in the touch –screen kiosk were available on the municipality's website, including tender notices and awards.

51.   The Bank team also visited the municipal corporation of Madurai, where an information center provided forms free of cost to the public as well as guidance on how to access critical services. Several services had been computerized including the issuance of births and death certificates, trade licenses, and building permits, as well as property and water tax collection, among others. Very little back-end computerization, however, had occurred and the Madurai corporation's website was not as complete as that of Coimbatore, which provides information on dues to be paid by assesses, banks' accepting bill payments, a defaulters' list, the state of progress on key works and programs by ward and amounts spent, tender notifications and awards, and how to calculate one's municipal tax liability, as well as an opportunity to submit grievances on-line. It is not clear whether on-line grievance redressal is necessarily better than the traditional sessions held monthly by municipal officials with the public, usually by zone, to address problems. The Bank Team attended one such session in Madurai's North Zone, which included the Commissioner and the elected Mayor, Corporators, and officials from all city departments. Complaints ranged from lack of water in an area to objections to the free roaming of cattle in the streets to a blocked drain caused by the construction of Madurai's ring road.   In most cases, the commissioner simply referred cases to different department heads for investigation; a few were resolved on the spot. The commissioner informed us that officials were required to respond formally to complaints as soon as possible and report back at the end of the month on progress before the next zonal meeting. Whether such sessions serve the purpose depends on larger factors, such as the seriousness with which officials and local politicians take them, the willingness to follow-up in a time-bound fashion on specific complaints, and the extent to which the public regards the process as credible and NGO's monitor the results.

52.   Compared to Madurai and Coimbatore, computerization in the Chennai Municipal Corporation seems to have lagged significantly, although the corporation is in the process of creating a database of births and deaths for the last ten years, and validating its property tax database. Chennai lacks a computerized grievance redressal tracking system and does not possess a citizens' charter, unlike Madurai and Coimbatore corporations, which have adapted the generic charter issued by the Municipal Administration and Water Resources (MAWS) department after approval by their own Corporators. The Coimbatore charter is meticulous in specifying time-frames for delivering services and the city possesses a network of 29 facilitation centers to collect payments and attend to the public.

Citizens' Charters

53.   GoTN in an order issued in1997 required all Government departments to produce a citizens' charter by 1998 for placement in the state legislature during the budget session. Almost all of these

charters (with a few exceptions already discussed) were issued in a hurry, without consultation with staff or the public, failed to establish minimum service standards or clear grievance redressal procedures, and were poorly disseminated. In addition, many of these charters were released without re-engineering business processes to achieve a higher standard of service delivery and hence promised little. A study of citizens' charters by the Consumer Action Group (CAG) in 1999 not only confirmed this but found spotty implementation.[16] Many departments will have to reformulate their charters through greater public consultation and reform business processes for this initiative to bear fruit. It might be better to focus initially on agencies with large public interface; user surveys (conducted independently) offer useful feedback to facilitate revising and improving charters.

Next Steps

54. Over the next few years, in addition to policy and institutional reforms in critical sectors such as water supply and sanitation, education and health to enhance service delivery, the GoTN plans to focus on improving 10 critical services with a large public interface, including regional transport services, commercial tax, stamps and registration for property transfers, district administration, and local bodies. It plans to accomplish this through a combination of measures such as e-governance, process reengineering, citizens' charters, and partnerships with the private sector.

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[16]   Consumer Action Group (CAG), <u>The Citizens' Charter in Tamil Nadu: A Report and Critique</u>, May 1999.

SERC Recommendations in Selected Departments

1.   GoTN shared sample SERC reports for several departments, including Highways, Industries and Commerce, PWD, and Agriculture. For each office within a department, the report lays out the number of existing posts per cadre, proposed reductions, and remaining posts, and the resulting fiscal savings. This is the first time that any state has identified redundancy in its ranks with such rigor.

2.   *Highways*: For the highways department as a whole, the Commission proposed a reduction of 4,914 posts (not including gang *mazdoors*, or highway maintenance workers of which some 10,000 were retrenched by the state Government before the report was completed). These cuts were achieved largely by revising work norms in the light of technical change for staff-intensive categories, such as Road Inspectors who traditionally carried out their work on cycles, covering 25 kilometers of road surface per inspection, with the overwhelming use of motorbikes, the Commission revised the inspection norm to 75 kilometers, cutting the cadre by 1001 posts. Drafting officers also suffered large cuts with the use of computer technology to do their work (with 262 posts out of 286 eliminated at the Assistant, 519 posts out of 550 at the Junior, and 23 out of 90 at the Senior-level), as did Record Clerks, whose numbers were slashed by some 736 posts.   The number of Office Assistants was almost halved from 1,655 to 941 posts only, while all 46 Blue Print Operators were eliminated as an obsolete cadre. Yet, there were also significant cuts at higher-levels: The number of Chief Engineers (each with a large personal establishment) was reduced from 10 to seven by consolidating functions; Assistant Chief Engineers shrank from 23 to 16; Superintending Engineers from 21 to 15; and Deputy Superintending Engineers from 18 to 13. The number of Assistant/Junior Engineers, Divisional Engineers, and Assistant Divisional Engineers, 1576 in all, were trimmed by about one-quarter. In addition, the Commission recommended closure of three mostly idle workshops with decaying road construction equipment, contractors now providing their own machinery; outsourcing of all design work and maintenance of pedestrian underpasses; and ceasing operations by the Tamil Nadu State Construction Corporations. The savings resulting from these steps was estimated to be Rs. 42 crores per annum.

3.   *Industries and Commerce*: Industries and Commerce is a smaller department with some 1993 posts of which the Commission identified 704 as redundant. The Commission noted that the combination of the greater use of Information Technology (IT) and the growth of advisory services by both the Chambers of Commerce and Industry had significantly reduced the need for staff across the board (SERC, Sixth Report, p. 31). The Commission recommended closing non-viable laboratories in the Chemical Wing, responsible for testing small-scale industry product quality, a function that could easily be done privately. It also recommended closing the large network of Technical Assistance Centers expected to provide advice to smaller entrepreneurs, eliminating the Construction and Glass & Ceramics Wings, reorganizing District Industry Centers (DIC's), and large staff cuts in the office of the Commissioner of Industries. Key categories of staff targeted for reduction in the Commissionerate at higher and lower-levels: Additional Directors from two to one; Joint Directors from three to two; Deputy Directors from four to two; Advisor (Management by Objectives) eliminated; Assistant Directors from nine to seven; Superintendents from 30 to 15; Assistants from 108 to 60; Junior Assistants from 30 to 15; Typists from 28 to 10; Steno-Typists from 21 to six; and Office Assistants from 66 to 23. The proportion of reductions in higher-level posts (Commissioner to Assistant Director) to lower-level posts (i.e., all classes of Assistants, Record Clerks, and Typists) is approximately 4.6%. The savings resulting were estimated at about Rs. 7.27 crores per annum.

4.   *Public Works Department*: For PWD (Water Resources Organization), SERC recommends reducing staff from 15,831 to 8,463. These cuts affect all rungs of the organization, with Chief Engineers falling in number from eight to five as a result of merging their functions; Joint Chief Engineers from 50 to seven (with 19 others reduced to the Superintending Engineer rank and 24 eliminated); Deputy Chief Engineers from 171 to two (with 47 reduced in rank to Executive Engineers,19 promoted to Superintending Engineer, and 103 eliminated); Deputy Executive Engineers from 611 to 45 (with 180 promoted to the Assistant Executive Engineer cadre, 19 reduced in rank to the Officer Technical cadre, and 367 eliminated). At lower levels, there were much steeper reductions, with 65 Blue Print Operators, 450 Junior and Assistant Draftsmen, and 3,473 Assistants, Junior Assistant, Typists, Record Assistants/Clerks, Drivers, Office Assistants, and Watchmen all losing their posts. Changing work-norms also led to cuts in the number of posts for Irrigation Assistants from 3,038 to 2,639, Work Inspectors from 1228 to 778 and the elimination of 211 Irrigation Inspectors. The Commission also recommended the merger of the Institute of Water Studies and the Ground Water Center under a single Chief Engineer, with a combined reduction of 416 staff from 1,536 to 1,120, and the closure of the PWD Workshop, historically responsible for producing irrigation equipment, such as shutters, and their repair, with some 360 workers and annual losses of Rs. 2 crores in 2000/01 because of growing private sector competition.

5.   Major cuts are also proposed for PWD (Buildings) responsible for constructing and maintaining Government buildings. By farming out routine maintenance (including white-washing, plumbing, and wiring) to user departments; outsourcing the maintenance of PWD's extensive network of Circuit Houses and Traveler Bungalows and leasing Inspection Bungalows to tourist agencies; and setting new work norms, the Commission hopes to halve the strength of the Department from 4,488 to 2,377 posts only. It proposes to do so by eliminating some 10 posts in the category of Superintending Engineers, 355 Assistant and Junior Engineers, 137 Junior and Assistant Draftsmen, all 20. Blueprint Operators, 81 Superintendents, 387 Assistants, 74 Junior Assistants, 29 Typists, 52 Record Clerks, 52 Drivers, 602 Office Assistants, 88 Watchmen, and all 12 Gardeners. For PWD, as a whole, SERC recommends multitasking though broader job descriptions and designations; a ban on new irrigation projects to shift the focus to maintenance of a deteriorating network; placing all Tender documents on the departments website including notifications and award decisions; a ban on new recruitment; simplification though level-jumping, standardized formats for notings in files, and faster preparation and approval of estimates; lateral exit without loss of seniority for ten years; abolishing the Blueprint cadre and declaring Draftsmen a "vanishing" cadre; and more outsourcing, including leveling and survey work. The Commission estimates that effecting these reductions will save Rs. 95 crores annually in both Water Resources and Buildings.

6.   *Agriculture*: SERC also recommends major changes the Agriculture Department, including outsourcing extension work to farmer organizations, cooperatives, and NGO's; discontinuing several schemes; eliminating input subsidies and distribution by Government in three years; transferring all research activity currently conducted by the Chemistry Wing to Tamil Nadu Agricultural University; privatizing some of the state's 35 soil testing laboratories and paring down the number of fertilizer testing laboratories, currently at 14; and closing or leasing the state's 39 loss-making Seed Farms and 70 Seed Processing Units. The report points out that the department is overstaffed in terms of its current workload and then revises its staffing pattern, particularly at the block, district, and regional-levels, accordingly; it also proposes major cuts in the Agricultural Commissioner's office.   In addition, the SERC recommends ending some 28 schemes that are no longer relevant or could be better handled by other departments, universities, the private sector or NGO's. These schemes range from providing production incentives for paddy cultivation by the Tamil Nadu Civil Supplies Corporation (removed by GoTN in October, 2002) to distributing green manure seeds at a hefty discount to waste-land and sugar-cane development (the province of other departments). Overall, the SERC's report proposes a reduction of 9,553 posts in the Agriculture Department from its current

strength of 15,749 to 6,196 posts. At the higher-levels, this translates into a reduction of the number of Joint Directors from 37 to 23, Deputy Directors from 129 to 89, and Assistant Directors from 244 to 225, as well as large reductions in the number of Agricultural Officers from 2,250 to 1,585; Assistant Agricultural Officers from 5,048 to 1,613; and the elimination of all 509 Assistant Seed Officers. At lower-levels, this means a drop in the number of Superintendents from 322 to 238, Assistants from 1,011 to 599, Junior Assistants from 624 to 315, Office Assistants from 858 to 280, Typists from 377 to 213, Watchmen from 1,162 to 221, Record Clerks from 445 to 200, Field Demonstration Officers from 326 to none; Mazdoors from 155 to none; and the elimination of all 965 Depot Managers, 15 Storekeepers, and 21 Electrical Fitters. Implementing these recommendations should, according to the Commission, save Rs. 76.47 crores per annum.