

# A Primer on Decision-Making within the Government

A Book Review of *Recalibrate: Changing Paradigms* by N K Singh and P K Mishra

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We live in unprecedented times; while economies worldwide are recovering from slowdowns caused by a global pandemic, geopolitical tensions have risen due to Russia's invasion of Ukraine. Consequently, transnational concerns such as climate change have been put on the back burner, and tackling the growing energy crisis in Europe has taken priority. Central banks are choosing to tighten their monetary policies to overcome rising inflation, and public health systems remain on high alert after the disastrous mismanagement of COVID-19.

In instances like these, decision-makers in governments across the world are faced with the problem of reshaping policies to suit the current context. *Recalibrate: Changing Paradigms*, by N.K. Singh and P.K. Mishra, is a collection of articles, lectures, and blogs from two vastly experienced policy practitioners who have a deep understanding of the way governments function. The chronicles on display in this book are a good reality check for policymakers and those building an interest in the field to recognise that the world is always in flux and the conditions are never ideal.

Relying on the past experiences of two established civil servants forms a good starting point to navigate the uncertain times that lie ahead. To a certain extent, the book also provides a background on what we can possibly expect going ahead from policy practitioners within the government.

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N K Singh chaired the Fifteenth Finance Commission which was constituted in November 2017. The Commission made recommendations for 2020-21 in its first report, and for the five years from 2021-22 to 2025-26 in its second report.

In the chapter covering Federalism, Singh dedicates a substantial portion to provide a basic overview of India's fiscal arrangement in the federal context. He explains that "*socio-economic trends such as technological change, rising mobility and market integration have led to dynamic federalism*" (pg. 52), and this has given rise to a need for rethinking how credible fiscal partnerships can be established.

For newcomers to public finance, Singh's frameworks are an elaborate primer on understanding the rationale behind how expenditure and revenue need to be modelled to fairly distribute it amongst

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the various levels of government in a federal setup. The chapter on “Fiscal Architecture for Twenty-First Century India: Fiscal Rules, Financial Management and Institutions” makes important recommendations to strengthen the implementation system for a simple, credible, flexible, and comprehensive rule-based fiscal policy in the country.

N K Singh explains how the subsidiarity principle is an important consideration here, pointing out that expenditure responsibilities need to be assigned to local governments, as they are more sensitive to the needs of citizens. Additionally, he states that the level of government responsible for the provision of a particular product must be collecting the necessary revenue.

This hits the nail on the head with regard to the nationwide implementation of GST, which was only made possible by the States agreeing to give up their powers to impose local-level indirect taxes. If local-level governments are not empowered to collect tax revenue directly but are required to provide services to citizens, it gives rise to moral hazard and additional bureaucratic burden. As a result, there is a lack of accountability at the local level about how funds are utilised, and a delay in compensating States with their share of GST slows down action on the ground. Singh acknowledges this and calls for the GST Council to “revisit its design and decision-making process in a more fundamental way” (Pg 63).

A bigger issue arising out of the GST Council being established as a constitutional body is the clash of interests with the Finance Commission. The latter has now been forced to evaluate expenditure and revenue for a period of five years in the future, while the GST Council takes decisions regarding GST rates, exemptions, and implementation of indirect taxes. Singh appeals that a coordination mechanism must be instituted to resolve the asymmetries between the two constitutional bodies.

Similarly, he discusses the idea of instituting an independent ‘Fiscal Council’. The Thirteenth Finance Commission recommended that a committee be appointed by the Ministry of Finance, which should eventually transform itself into a Fiscal Council, with the objective to conduct an annual independent public review of FRBM compliance. The FRBM Review Committee itself (chaired by Mr. N. K. Singh) too made a similar recommendation.

However, a Fiscal Council appointed by the Ministry of Finance and reporting to it cannot be expected to be independent. The Fourteenth Finance Commission, recognising this factor, recommended the establishment of an independent Fiscal Council, which should be appointed by and reporting to the Parliament instead. This would serve the broader purpose of having a fiscal establishment that can work independently, to better manage the debt trajectory of the Centre and states.

Singh’s analysis of federalism outside the domain of the tax system is also spot-on. In his exploration of changing political systems, he observes that democracies are becoming leadership oriented. This has direct implications for cooperative federalism and affects how the electorate expects public goods to be distributed.

In fact, Union governments would prefer if this assumption took precedence, as it can lead to direct electoral gains for a party in power if their role shifts from just anchorship to direct involvement at lower levels of government. Citing these instances, Singh questions whether our constitutional frameworks need to be amended to redistribute the entries of Lists I and III in the Seventh Schedule of the Constitution, to rebuild the need for trust between the Union and the States.

Singh's sections of the book are mainly focused on acknowledging that the shifting paradigm requires a revision of existing policy and decision-making frameworks. Technological advancements are taking place at a time when global interests are constantly changing and economic interdependence between nation-states has peaked. At the same time, internal political systems are shifting in principle while socio-economic diversity is increasing.

Singh brings these challenges to the forefront, provides a foundational understanding of the issue at hand, and tops it up with his recommendations. This makes it an insightful read for young professionals who want to form a deeper awareness of what guides decision-making in the government.

Additionally, to complement this, Singh emphasises areas that are usually not given much attention, but are important to mention as they are derived from key junctures in his illustrious career. From his experience in the Prime Minister's Office (PMO), when he served as secretary to Prime Minister Vajpayee between 1998 and 2000, Singh examines how the relationship between the cabinet secretariat and Prime Minister's office (PMO) is critical. Again, in this case, he provides a foundational understanding to the reader with a comparative study of how the two are structured to function in other democracies like Australia and the United Kingdom. He brings to the limelight how the PMO as an "agent of change" and the Cabinet Secretariat as a "fulcrum of stability" are responsible for synchronising the vision of the PM and the Cabinet.

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P.K. Mishra has also made significant contributions to the book, highlighting his substantial experience as a former member of the Indian Administrative Service. He has held various key positions with both the Union and Gujarat state governments, and worked as chairman of the Gujarat Electricity Regulatory Commission (GERC).

A recurring theme in Mishra's chapters remains his focus on the need to evaluate what is in the best interest of all stakeholders when multiple groups with diverse interests are involved. This adds a much-needed and refreshing touch to the book, as Mishra highlights the challenges in bottom-up, microeconomic policymaking from his past experiences. This angle seemed to be missing in NK Singh's sections as he covered the larger, macroeconomic issues.

However, apart from gripping stories from Mishra's experiences in different positions in bureaucratic and political circles, his chapters lacked the novelty of insights that Singh brings to the book. In his chapter titled 'People, Politicians and Bureaucrats', Mishra proposes a bold hypothesis upfront, that "Gujarat's socio-political milieu contributed significantly to its rapid development" (Pg. 23). The author goes on to cite multiple instances in his career working in Gujarat, where the interactions between the electorate and the government of the day proved to be a well-oiled machine. He mentions how people's awareness and proactive participation led to elected personnel from urban areas visiting government offices at taluka and district levels seeking redress of their problems. However, he fails to explain how this socio-political milieu was established in the first place.

Broadly speaking, the hypothesis does not contribute significantly to one of the larger objectives of the book either, which is to determine what steps can be taken to navigate through the rapidly shifting socio-political structure internally. Several insights could be drawn, such as democratic decentralisation to address problems locally, and genuine prioritisation by officials to solve issues

come to the forefront – but these are ideal additions to every political system. It must be debated how these can be established and sustained without spiralling into corruption and gatekeeping.

Similarly, in the chapter covering the role of technology in future education, Mishra's insights seem lacklustre. There is unnecessary attention placed on the policies, schemes, and initiatives enacted by the ruling government along with the New Education Policy 2020, and this diverts attention from the larger point being made on using technology as an enabler in education.

Credit must be given where it's due; in this case, these initiatives are products of what was achieved by the integration between education and technology. However, elaborating on the frameworks that guided the implementation of these policies would have been ideal, and could have given readers deeper insights into evaluating how stakeholders and interest groups need to be mapped while conducting bottom-up implementation.

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Other prominent chapters in the book elaborate on urban local bodies and what the writers have termed as the 'third tier' of government. There is further emphasis here on subsidiarity and decentralised decision-making. Steps taken for disaster management during the Bhuj earthquake in 2001, and the COVID-19 pandemic are important sections in the book, as they give perspectives on how systematic responses are planned by the government in times of crisis.

Health, education and agriculture are analysed from a microeconomic perspective, and climate change is discussed as a prominent and rising concern that needs to be addressed immediately. The book is a must-read for those interested in learning about decision-making within the government, and young professionals keen to discover frameworks that guide policymaking.

***Recalibrate: Changing Paradigms*, by N.K. Singh and P.K. Mishra, Rupa Publications India, New Delhi, 2022. Pages (i-xviii) and 344. Rs. 777 (Hardcover), Rs. 609.37 (Kindle Edition).**