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Talking Points for Delivery

**KARNATAKA IAS OFFICERS' ASSOCIATION
Bangalore**

Life, Learning and Laughter

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Friends,

I am deeply touched by the insistence of Ms. Charulata Somal that I should come and talk about my experiences. I hope that this reflects a keenness on the part of IAS Officers of Karnataka to learn from past experiences also. However, a warning is appropriate. The world is moving so fast that there is rapid obsolescence – things get outdated at unimaginable pace. Therefore, I urge that you don't take my experiences seriously to learn, but essentially for amusement.

When I joined the IAS Academy, the first lecture in Economics was taken by Professor Ramaswamy. He said, "Congratulations. You are the best and the brightest in the country. You have the privilege and opportunity for servicing the people of India. Please remember that people of India are those "who are not in IAS." Generally, the message was that we civil servants have to always think of the common person.

On arrival in the State, I joined as Assistant Collector, Vishakapatnam. My PA was a young man. I asked him his qualifications. He passed his matriculation, except that he was a topper in the District. He could not afford higher education. On that day I realised that being a boss does not mean that I am more intelligent than my subordinate.

During the first two years of service, I was transferred five times. Every time it was because the elected head of the Panchayat Samiti or the elected head of Zilla Parishad wanted me out. The Chief Secretary explained to me that I was right and the elected representatives were not. He told me, "Venu, I cannot transfer Samiti President; I cannot transfer Zilla Parishad Chairman; so, I have to transfer you. That will avoid tension." That is an important lesson. Senior civil servants and political leadership protected and encouraged me even when I was transferred for political reasons.

In my first conference of the Tehsildaars as Sub-Collector, Ongole, I reviewed the DCB statement, namely, Demand, Collection and Balance. I insisted that all the arrears should be cleared by specific date and there should be no arrears or no balance to be collected by a specified date. At the end of the review, one Tehsildaar got up and said, "Sir, I am retiring in one month. I have a submission to make. There is demand, there is collection, there is balance; there is

fresh demand, there is collection, there is balance. Sub-collectors come, Sub-collectors go. The DCB goes on", and then he sat down. That made me feel humble because as young man I thought I can sweep everything clean. We can do a lot in our time in a job, but not all that is necessary.

One day, in a discussion, a Revenue Board Member made an unparliamentary remark. I reacted and said: "You should not talk like that." He was visibly angry and said: "What"? Immediately, I responded: "I am sorry Sir, I apologise". My humble submission is that you may not like to talk like that." He laughed and said: "That is good." The lesson was that you should be humble when you differ with the boss. The more you differ, the more you should be humble.

The work in Ongole sub-division was somewhat strenuous. The division was large, which is now virtually a District. There was drought. We had to do heavy procurement of grains. The caste politics were intense. I could not resist the temptation to apply for a scholarship in Netherlands for six months to study Economic Planning. It was a direct application, but the Government of Andhra Pradesh was kind enough to sanction "study" leave on loss of pay. That was my initiation into econometrics. The basic framework of mathematical modeling that I learnt, still remains with me. Look at the system, identify the relative factors, establish the nature of relationship, quantify the relationships, identify the

objectives, locate the instruments and then decide on the nature and magnitudes of intervention. We worked on a medium term model for development of Sri Lanka and presented it in Oxford.

Coming back in mid 1968, and recognising my specialisation in Planning, the government primarily posted me as away from Hyderabad as possible and as away from planning as possible, namely, Sub-Collector, Guddur. I took the opportunity not to sulk, but concentrate on my efforts to get married.

I had postponed my marriage because of the advice of one of my friends. He said, "don't be in a hurry to get married; until you marry, there are lot of well wishers; once you get married, you will have only one doubtful well-wisher in your father-in-law.

I went on honey-moon to Delhi and Kulu walley. In the process, I broke my leg. Breaking the leg did not have anything to do with honey moon; I had slipped on a banana skin.

I was posted as a Joint Collector, Guntur. I was also given charge of a Collector. On October 1969, the Chief Minister Brahmananda Reddy, visited Guntur and praised me to the skies. I was happy. The Superintendent of Police, an elderly officer, warned me. I was transferred next day through wireless message.

I was Secretary of the Rayalaseema Board. Funds were allotted for the region and the political leadership wanted to take projects in their respective villages. How do we introduce rationality? We prepared guidelines and arranged their demands as well as the department's proposal in order of preference as per the guidelines. Once we give an order of preference, it becomes difficult for political factors to fight rationality beyond a point. As one goes down the list, those that are overlooked will join to resist. Through analysis we will definitely avoid bad options though we may not get first best results due to political reasons.

A Panchayat Samithi President wanted me to make a request for transfer on genuine grounds, rather than his approaching. The reason: when politician recommends, "it is political interference." When IAS Officer recommends, "it is putting in a word."

Once I asked a friend in State Civil Service, why he feels that IAS are the worst creatures? He denied that, and he said: "No Sir. They are not. Their wives are!"

I became an expert in Regional Planning since I spent considerable energy in learning theory of regional planning which spans Geography and Economics. In particular, Sudane of Brazil and Mazegiarno of Italy were interesting examples.

Damodhar Valley Corporation model after Tency Walley Authority was not appropriate. In the process, I went to Tanzania and spent three months as an expert. I was also member of the Expert Group to finalise the UNDP guidelines on intermediate and local planning.

The posting in Hyderabad gave me an opportunity to complete the Ph.D. work that I had discontinued after leaving the University. In those days, doing Ph.D. was considered a waste of time particularly for IAS Officers.

The most important thing that I learnt during my tenure was from Mr. Vithal. He would not disagree with a sub-ordinate without discussing first. His principle is that hierarchy in civil service is a matter of convenience and does not represent a hierarchy of knowledge or wisdom. Another lesson I learnt was from Mr. Neela Ratna who was my Deputy Director; a trained and highly qualified Statistician. One day I asked him to work late and complete the task. He said no; I have to go back at 5.00 pm to milch the buffalos. I realised that it is better to depend on buffaloes than IAS Officers. His point was that the IAS Officers take assistance and advice from others, but seldom acknowledge.

I joined rather unwillingly, the Ministry of Finance in 1976, in a very difficult job; I did not know much about IMF and World Bank then. I adopted a "hundred

day silence principle". I was dumb but with eyes and ears open. For 100 days, I went on reading the files, including the linked files also. During this period, when somebody asked for my name, I used to tell: "I will check up and let you know, Sir." Then I was reasonably confident. Learning is good for us and that we are learning makes other people careful in dealing with us.

I was the coordinator of Indian team negotiating with World Bank. Once a negotiator from World Bank complained about Orissa Chief Engineer and said "I cannot understand your English." I did not get annoyed. I told him: "that I am happy." So far we thought that we could not understand his English. Now that we don't understand each other's pronunciation, we can have level playing field negotiations.

Soon after I joined the World Bank, I requested for a permission and got it to attend George Washington University Course. The course was on small group decision-making. I had to go for classes in the night. My idea was really to understand how the educational system in the U.S. Universities worked. I also felt that gradually decision making will be more through groups than individuals. Not only I learnt something, but I got an increment in my salary.

Among many lessons that I learnt is one from Governor Narasimham who was my boss. One day he showed me a draft letter that he was writing to Robert McNamara. He asked my frank comments. I promptly did. He walked across to my room and told me. "I wanted you to be frank; but not brutal".

In substantive terms I learnt that for good negotiations, we should start with what we agree. That makes a pleasant beginning and positive start. Then, we discuss only what can be negotiated. If we cannot negotiate something, we take it to the end. Most of the time, the negotiators have to help each other in public policy matters, to please their bosses.

I came back to Government of Andhra Pradesh in 1983.

Planning Commission insisted that in our annual plans we provide fully for all the on-going schemes. Then there would be nothing left for new schemes. Out of frustration, I told the Planning Commission, "If the people of Andhra Pradesh wanted on-going schemes, they would have elected on-going government. Therefore, we have to accept re-ordering of priorities. Is Government of India not re-ordering priorities even when the government does not change? I am not saying that it is good to change priorities, but sometimes it may be necessary. Otherwise, we should be able to convince the political masters not to change the priorities."

After working on the five year plan and annual plans, I came to the conclusion that there was something wrong fundamentally with the way we are making policies. I was also aware that my knowledge was out-dated – a realisation that started even when I was in World Bank. I decided to move out for research. For the next two years, I was UGC Visiting Professor at Osmania University, full time faculty in Administrative Staff College of India, and Visiting Fellow in London School of Economics. At the same time, the Chief Minister suggested that I should be an Honorary Advisor to the Government. In fact, my first exposure to Finance Commission was as Adviser to Government of Andhra Pradesh and not as IAS Officer.

During this period, I realised the fundamental changes that happen between the State and the market, public and private enterprises, national and global economies, and above all, the impact of technology.

When I came back from leave, I was posted to Industrial Development Corporation. I had a flexible view of public and private sector, and Mr. N T Rama Rao was willing to take advice. As a result, we sold one industrial unit. We wound up one sick industrial unit; but started new ones at the same time. The new ones were to promote technology in the office which ultimately led to Andhra Pradesh

being a leader in e-governance and second was Venture Capital Company. We could get assistance of World Bank by virtue of contacts.

In 1990, I went back to the Government of India as Joint Secretary; I was in-charge of a complex subject, Balance of Payments. After reading all the manuals of RBI on the subject I went to Bombay to the Reserve Bank of India. I met officials at different levels and discussed and learnt from them. After sometime when the crisis happened in 1991 and we had to sell Gold, I knew the problem, I knew the people who could solve it and I could gather full coordination. There is no hierarchy for learning.

I was posted as Additional Secretary (Commerce), and was not given any work. I used the opportunity / infrastructure to study Indian economy. At one stage, I told the Chief Economic Adviser that I know more about Indian economy than he did. I used this opportunity to accept offer of consultancies. During this period, I was a IMF / World Bank Consultant in several countries utilising fully the opportunities that the rules permitted. I was away from boredom. I acquired knowledge. I made money. I made friends also. The consultancy in China was most rewarding.

I was posted as Secretary (Banking). I saw the under-belly of the Finance / World Bank at that time particularly because I was dealing with RBI and also being on the Boards of Refinance Institutions and development banks and top commercial banks, apart from being a Trustee of UTI. I was already a member of the SEBI Board when I was Joint Secretary. In each of these roles, I started learning and by the time I completed learning, I completed my tenure much to the relief of everybody including myself.

Fortunately, I was sounded for the job of Deputy Governor by the Governor. I was delighted to accept it mainly because of the opportunity that it provided for me to deal with economic issues.

As Deputy Governor, I told Governor Rangarajan that I was a bit anxious before giving my first speech. He told me that after long experience, he still feels anxious whenever he goes for a talk. Being anxious is helpful up to a point if it encourages you to prepare well.

Once I sent a proposal to set up a separate debt office to Governor Jalan. He called me and told me that he entirely agrees with me, but my proposal is based on the assumption that the Government will contain fiscal deficit. However, he wanted to know, what are the risks of the assumption being wrong, however small the

likelihood of the failure. Then I thought and I decided not to go ahead. On important policy matters, however confident we are that we are right, we should also think of the consequences of our being wrong before deciding to do the right thing. At one level, micro level, one can take risks, but not at higher levels.

When I joined as Governor, I had a meeting with a few middle level officers in Hyderabad. I asked them, "How many of you went to government schools?" The answer was that most of them went to government schools. Then I asked, "How many of your children are going to government schools?" The answer was, very few. Similarly, I asked, "How many of you went to government hospitals when you were children?" Most of them said "yes". "How many are going to government hospitals now?" The answer was "none." Then I told them that people are by-passing government schools and government hospitals because the service is poor. If the Reserve Bank also gives poor service, the people will by-pass Reserve Bank also.

About my tenure in the Reserve Bank, I will sum it up by concluding many statements. "As Governor, I am independent; RBI is independent. I have taken permission of the Finance Minister to tell you that". I also believe in single objective. It is not price stability. My single objective is to protect the Indian economy from Government of India..... On exchange rate, I said, I cannot

define God, but I can recognise devil. My intervention will be only when I recognise inappropriate level..... On the issue of single regulator, I said that I will be happy as Governor of RBI because I will be rid of the retail business of bank supervision. However, as a citizen, I will be worried if the authority and the reputation of central bank does not back the banking system.

As Finance Commission Chairman, my task was to keep listening so that we give a well informed award. We had to listen to representations / representatives in 39 different languages. We passed the final test of success. The final test was whether we made everybody equally unhappy since in any case we cannot make all of them happy.

CONCLUDING REMARKS

Before concluding, let me say something about All India Services. In India, we have dual polity - Union and State. There are Civil Services for the Central Government and there are Civil Services for the State Government. However, in India there is a unique category called All India Services. They have been created under a Constitutional provision. They are loyal to the State when working in the State; they are loyal to the Centre when working in the Centre; but under all circumstances, they are expected to be loyal to the Constitution. They are one of the three unifying factors in the Indian federation, the other two being common

Judiciary and common Procedural Law. Therefore, there is a special responsibility of All India Services. They wield power. However, power without knowledge is liable to be ridiculed. Power with knowledge can be exercised effectively while commanding respect. All India Services carry heavy fiduciary responsibilities.

My experience has shown that there are different skills required in different jobs and at different levels. Enforcement of rule requires skills which are different from making the rules themselves.

As IAS Officer, initially you do things; later, you get things done. After middle level, you ensure that things get done. At senior level, you decided on what things have to be done. At very senior level, you look at how to influence the way in which you think about things to be done.

Civil servants should improve their skills; if not, the activities will by-pass the Government. Civil servants have to learn and improve their skills. Private sector is knocking at our door, to occupy our space. The present and future generation of Civil servants has to face competition for survival with dignity.

In my view, the most important responsibility for All India Services is to improve the skills of large number of Civil Servants in India. They must improve

the systems and the conditions under which lakhs and lakhs of civil servants work. They have to induce technological changes.

The All India service officers have to ensure that the level of efficiency in services in the government is up to global standards. We must have civil services of global standards if we want our private sector to be globally competitive. If we want to have civil services of global standards, we need All India Services of global standards.

Am I confident that we will have? Yes, but less confident than before if the current proposal to

Thank you.

Post Script

1. Proposal for Service allocation after training?
2. Reaction to Direct recruitment for Jt. Secretary Post.
3. Are Banks special? Bank Depositors special?