

**Administrative Reforms Commission's 13<sup>th</sup> Report titled "Organisational Structure of Government of India"**

**Details of the Government's decisions on the recommendations of the Administrative Reforms Commission**

<b>Sl. No</b>	<b>Recommendations made by Administrative Reforms Commission</b>	<b>Government's Decision</b>
1.	<p><b>1. (Para 4.2) Core Principles of Reforming the Structure of Government</b></p> <p>(a) The core principles mentioned in paragraph 4.1 should govern the restructuring of Government of India <b>(1)</b></p> <p>(i) The union Government should primarily focus on the following core areas:</p> <p>i. Defence, International Relations, National security, Justice and rule of law</p> <p>ii. Human development through access to good quality education and healthcare to every citizen</p> <p>iii. Infrastructure and sustainable natural resource development</p> <p>iv. social security and social justice</p> <p>v. Macro-economic management and national economic planning</p> <p>vi. National policies in respect of other sectors</p> <p>(ii) The principle of subsidiarity should be followed to decentralise functions to state and local Governments.</p> <p>(iii) Subjects which are closely inter-related should be dealt with together:</p>	<p>(a) (i) The core principles mentioned by ARC about the structure of GOI could be accepted in principle. Ministries/Departments could be guided by these core principles while reviewing their functioning.</p> <p>(ii) The recommendation was accepted.</p> <p>(iii) The recommendation was agreed to in principle. As the structure of</p>

<b>Sl. No</b>	<b>Recommendations made by Administrative Reforms Commission</b>	<b>Government's Decision</b>
	<p>In any organization, functional division is inevitable but it should not be at the cost of an integrated approach towards organizational goals. It is therefore necessary that while structuring Government into Ministries and Departments, a golden mean between the need for functional specialization and the adoption of an integrated approach is adopted. This would involve an in-depth analysis of all the government functions followed by their grouping into certain key categories to be linked to a Ministry.</p> <p>(iv) Separation of policy making functions from execution: In any large organization, the imperative of efficient management requires that higher echelons concentrate more on strategic decisions and policy making whereas the lower echelons focus on operational decisions and implementation of policies. In the context of Government, this would require the Ministries to give greater emphasis to the policy making functions while delegating the implementation functions to the operational units or independent organizations/ agencies. This is all the more necessary because policy making today is a specialized function which requires a broader perspective, conceptual understanding of the domain and proper appreciation of the external environment. Implementation of the policies on the other hand require in-depth knowledge of the subject and managerial skills.</p> <p>(v) Coordinated implementation: coordination is essential in implementation as in policy making. The proliferation of vertical departments makes this an impossible task except in cases where empowered commissions,</p>	<p>Ministries/Departments is largely based on allocation of portfolios amongst Ministers, this objective could be achieved through the constitution of standing Inter-Ministerial Groups and Group of Ministers</p> <p>(iv) The recommendation was accepted. Ministries would be requested to review their functioning to give greater emphasis to policy making functions while delegating implementation to operational units. The implementation model of Centrally sponsored Schemes like NREGS, NHRM &amp; SSA should also be looked into.</p> <p>(v) Recommendation was accepted. Inter-ministerial groups could be formed to ensure convergence of objectives.</p>

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
	<p>statutory bodies, autonomous societies have been created. There is considerable scope for more of such inter-disciplinary bodies in important sectors. This should be pursued urgently. In cases where these already exist, the tendency to reduce their autonomy should be reversed.</p> <p>(vi) Flatter structures - reducing the number of levels and encouraging team work: Te structure of an organization including those in government should be tailor-made to suit the specific objectives it is supposed to achieve. The conventional approach in the Government of India has been to adopt uniform vertical hierarchies (as prescribed in the Manual for Office Procedure). There is a need to shift to fatter organizations with greater emphasis on team work.</p> <p>(vii) Well defined accountability: The present multi-layered organizational structure with fragmented decision making leads to a culture of alibis for non-performance. The tendency to have large number of on file consultations, often unnecessary, lead to diffused accountability. A clearer demarcation of organizational responsibilities would also have helped in developing a performance management system for individual functionaries.</p> <p>(viii) Appropriate delegation: A typical characteristic of a government organization is the tendency to centralize power and avoid delegation of authority to subordinate functionaries or units. However, this leads to delays, inefficiency and demoralization of the subordinate</p>	<p>(vi) Accepted the recommendation. Instructions for reducing decision making levels could be made mandatory.</p> <p>(vii) &amp; (viii) The recommendations were accepted. These principles would be considered while formulating guidelines for Performance Management System.</p>

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
	<p>staff. The principle of subsidiarity should be followed to locate authority closer to the citizens.</p> <p>(ix) Criticality of operational units: Government organizations have tended to become top-heavy coupled with fragmentation and lack of authority, manpower and resources at the operational levels that have a direct bearing on citizens' lives. Rationalization of Government staff pattern is necessary, commensurate with the requirements of the citizens.</p>	<p>(ix) The recommendation was accepted. Ministries/Departments would undertake the exercise to identify gaps in human resources and take appropriate action.</p>
<p>2.</p> <p>3.</p> <p>4.</p>	<p><b>2.(Para 5.1.11) Rationalising the Functions of Government</b></p> <p>(a) The Government of India should primarily focus on the core functions stated in paragraph 5.1.10<b>(2)</b></p> <p>(b) Government at all levels should be guided by the principle of subsidiarity.<b>(3)</b></p> <p>(c) There is need to carry out a detailed analysis of the functions/activities in each Ministry/Department in the light of (a) and (b) above. This should be followed by restructuring which may include decentralization/ delegation or hiving off activities<b>(4)</b></p>	<p>(a) The core principles mentioned by ARC about the structure of GoI can be accepted in principle. Ministries/ Departments can be guided by these core principles while reviewing their functioning.</p> <p>(b) Accepted the recommendation and decided that all proposals, EFC memos, Note for Cabinet Committee etc. should specifically state that the principle for subsidiarity is being followed.</p> <p>(c) Agreed with the recommendation. Each ministry would carry out review of its activities in the light of suggestions made by ARC with the assistance of an expert organization to identify core &amp; non-core functions. This review would also help the ministries to prepare an action plan for delegating implementation activities &amp; non-core activities to attached &amp; subordinate offices. Performance Management Division of Cabinet Secretariat would prepare the indicative terms of reference and a common format which can be adapted by ministries.</p>

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
<p>5.</p> <p>6.</p> <p>7.</p>	<p><b>3. (Para 5.3.11) Rationalizing and Reorganizing the Ministries and Departments</b></p> <p>(a) The concept of a Ministry would have to be redefined. A Ministry would mean a group of departments whose functions and subjects are closely related and is assigned to a First or Coordinating Minister for the purpose of providing overall leadership and coordination. This concept of a Ministry and the Coordinating (or First) Minister may be explicitly laid down in the Allocation of Business Rules. Adequate delegation among the Ministers would have to laid down in the Transaction of Business Rules. As a consequence of this, rationalization of Secretary level posts wherever required may also need to be carried out.<b>(5)</b></p> <p>(b) Individual departments or any combination of these could be headed by the Coordinating (or First) Minister, other Cabinet Minister (s)/Minister(s) of State<b>(6)</b></p> <p>(c)The structure of the Government of India should be rationalized by grouping together closely related subjects as illustrated in paragraph 5.3.10.5 in order to reduce the number of Ministries to 20-25.<b>(7)</b></p>	<p>(a) to (c): The recommendations have not been accepted.</p>
<p>8.</p> <p>9.</p>	<p><b>4. (Para 5.4.6) Recasting the Allocation of Business Rules</b></p> <p>(a) There is need to recast the Allocation of Business Rules to make them more focused on the goals and outcomes of each Ministry/Department in order to shift the emphasis from a detailed listing of activities/ subjects of each Ministry/ Department to a broader perspective.<b>(8)</b></p> <p>(b) The Allocation of Business Rules</p>	<p>(a) to (c) The recommendations have been accepted.</p>

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
10	<p>should first provide a Statement of the mission of the department followed by a list of subjects and functions<b>(9)</b></p> <p>(c) There is need to bring greater uniformity in the description of the roles and functions of various Ministries/Departments<b>(10)</b></p>	<p>(d) &amp; (e): The recommendations have not been accepted.</p>
11	<p>(d) Ministries/Departments should maintain a matter list of all laws pertaining to the subjects dealt with in that Ministry/Department instead of mentioning them in the Allocation of Business Rules. The underlying principle should be stated in the Rules that all laws relating to the subjects and functions allocated to a Ministry/Department would fall under its purview.<b>(11)</b></p>	
12	<p>(e) Instead of naming the individual PSUs and autonomous organizations under each Ministry, the Rules should merely have a generic entry to the effect that all PSUs and Autonomous Organizations whose functioning is directly related to subject(s) of the concerned Ministry would be under its jurisdiction. However, in cases where activities of a PSU or an autonomous organization relates to more than one Ministry/Department then it may be advisable to list out such PSUs under a particular Ministry/ Department.<b>(12)</b></p>	
13	<p><b>5. (Para 5.5.2.7) Focus on Policy Analysis</b></p> <p>(a) In order to make them binding, the general principles to govern the extent of delegation from Departments to their attached and subordinate offices (executive agencies) may be incorporated in the Transaction of Business Rules. These principles may stipulate that the Ministries/Departments should</p>	<p>(a) &amp; (b) The recommendations have been accepted. A review of the functions being performed by ministries along with its attached/subordinate offices could be undertaken by the Ministries. A clear demarcation of functions, roles, responsibilities and appropriate delegation would be worked out during this review. An</p>

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
14	<p>concentrate on the following:</p> <ul style="list-style-type: none"> <li>(i) Policy analysis, planning, policy making and strategic decisions</li> <li>(ii) Budgeting and Parliamentary work</li> <li>(iii) Monitoring of implementation through systems and procedures</li> <li>(iv) Appointments of key personnel</li> <li>(v) Coordination</li> <li>(vi) Evaluation<b>(13)</b></li> </ul> <p>(b) Attached and subordinate offices should serve as the executive agencies of the ministries and concentrate on the implementation of government policies and programmes.<b>(14)</b></p>	<p>expert organization can be involved to undertake this exercise, Performance Management Division of Cabinet Secretariat would prepare the indicative terms of reference and a common format which could be suitably adopted by ministries for this review.</p>
15	<p><b>6. (Para 5.5.3.3) Policy Evaluation</b></p> <p>(a) Each Department should introduce a system of policy evaluation to be carried out at the end of prescribed periods. All relevant policies should be updated in the light of the findings of such evaluations.<b>(15)</b></p>	<p>(a) The recommendation has been accepted.</p>
16	<p><b>7. (Para 5.6.10)Creation of Effective Executive Agencies</b></p> <p>(a) Each Union Government Ministry should scrutinize the functions/activities of the ministry to confirm whether these activities/functions are critical to the mission of the Department and can only be carried out by government agencies. This should be done with reference to core areas mentioned by the Commission in para 4.1.1.a.<b>(16)</b></p>	<p>(a) to (d) The recommendations have been accepted.</p>
17	<p>(b) Only those functions/activities that are in line with the principles enunciated in paragraph 5.5.2.7 (a) should be carried out directly by the Department/Ministries. Other functions/activities should be carried out by the executive agencies of the department.<b>(17)</b></p>	

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
18	<p>(c) Each agency, whether a new body or an existing departmental undertaking/ agency/ board/special purpose body etc. that is to function as an executive agency, must be autonomous or semi-autonomous and professionally managed under a mandate. Such executive agencies could be structured as a department, board, commission, company, society etc.<b>(18)</b></p>	
19	<p>(d) The right balance between autonomy and accountability needs to be struck while designing the institutional framework of executive agencies. This could be achieved through well designed performance agreements, Memorandum of Understanding (MoU), contracts etc. However, preparing and enforcing such performance contracts requires considerable upgradation of capacity in the concerned government departments.<b>(19)</b></p>	
20	<p><b>8. (Para 5.9.7) Reorganisation of Ministries</b></p> <p>(a) Each Department should lay down a detailed scheme of delegation at all levels so that the decision making takes place at the most appropriate level. It should be laid down in the Manual of Office Procedure that every Ministry should prescribe a detailed scheme of delegation for its officers. This delegation should be arrived at on the basis of an analysis of the activities and functions of the Ministry/ Department and the type of decisions that these entail which should be dovetailed with the decision making units identified in that Department.<b>(20)</b></p>	<p>(a) to (e) Accepted the recommendations. There should be a mandatory scheme of delegation in each ministry which can be arrived at after the review of functions which is proposed to be undertaken. However, such schemes should take into account the requirements of Parliamentary accountability. CGAR also agreed that instructions about number of levels for decision making should not be more than 3 other than in exceptional cases. These instructions should be made mandatory to all ministries/departments. It was also decided that D/o Administrative Reforms &amp; Public Grievances would ensure compliance of these guidelines. Progress in implementation of the government decisions made in respect of ARC recommendations would be brought before the CGAR and GoM.</p>
21	<p>(b) The scheme of delegation should be updated periodically and should also be 'audited' at regular intervals. The audit should ensure that the delegated authority</p>	

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
22	<p>is actually exercised by the delegate. The scheme of delegation should be placed in the public domain.<b>(21)</b></p> <p>(c) The number of levels through which a file passes for a decision should not exceed three.</p> <p>i. In cases where the Minister's approval is required, the file should be initiated by the Deputy Secretary/Director concerned and should be moved through the Joint Secretary (or Additional Secretary/Special Secretary) and the Secretary (or Special Secretary) to the Minister.</p> <p>ii. Cases requiring approval of the Secretary should go through just two levels (e.g. either US and Director, US and JS or Director and JS)</p> <p>iii. Cases requiring approval of the JS/Director/DS should come through just one level. The exact combination of levels should be spelt out in the scheme of delegation of each Ministry/Department whereas the number of levels as suggested above should be prescribed in the Manual of office Procedure.</p> <p>iv. The Department dealing with administrative reforms in the Union Government should be entrusted with the task of ensuring compliance with this stipulation.<b>(22)</b></p>	
23	<p>(d) For addressing cross cutting issues, the Secretary of the concerned Department should have the flexibility to create inter-disciplinary teams.<b>(23)</b></p>	
24	<p>(e) The Manual of Office Procedure should be recast based on the principles stated in paragraph 5.9 :</p> <p>(i) Well defined delegation at all levels</p> <p>(ii) Minimizing levels to reduce delays</p> <p>(iii) Shift from process compliance to</p>	

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
25	<p>outcomes            (iv) Innovative approaches to multi-disciplinary work teams            (v) Shift from an ad-hoc application of precedents to systematic classifications and transparent use of past records            (vi) Shift from a reactive to a proactive approach.<b>(24)</b></p> <p>(f) The Departments should build an electronic database of decisions that are likely to be used as precedents. Thereafter, such database should be periodically reviewed and where necessary, changes in rules introduced in order to codify them. There may also be precedents that may be the result of wrong or arbitrary decision making which the Department would prefer not to rely on for the future. In such cases the Department would have to appropriately change its policy/guidelines and if required even the rules to ensure that these precedents are not wrongly used.<b>(25)</b></p>	<p>(f) Accepted the recommendation. As part of the e-Office DAR&amp;PG would prepare a knowledge management module which could be adopted by government ministries/departments.</p>
26	<p><b>9. (Para 5.12) Coordination Mechanisms</b></p> <p>(a) There is need to ensure that the existing coordination mechanisms like the Group of Ministers and Committee of Secretaries function effectively and help in early resolution of issues as stated in para 5.10 Selective, but effective use of GOMs with clear mandate and prescribed time limits, would be helpful. <b>(26)</b></p>	<p>(a) &amp; (b) Accepted the recommendations. The existing coordination mechanisms like Inter-Ministerial Group and Group of Ministers are already performing the functions suggested by ARC.</p>
27	<p>(b) Unresolved issues concerning States which require inter-Ministerial coordination in Government of India, should be placed before the Committee of Secretaries (COSs) and then to the Union Cabinet for resolution.<b>(27)</b></p>	

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
	<b>10.(6.4.8) Creating an Effective Regulatory Framework</b>	
28	(a) Setting up of a Regulator should be preceded by a detailed review to decide whether the policy regime in the concerned sector is such that a Regulator would be better placed to deliver the policy objectives of the department concerned. <b>(28)</b>	(a) to (j) Accepted the recommendations for creating an effective regulatory framework. Planning Commission would assist the Department of Personnel & Training in preparing the draft guidelines in this regard. The recommendations made by 6 <sup>th</sup> Pay Commission and ARC would be considered by DOPT in this exercise.
29	(b) In addition the statutory framework which underpins the interface between the government and the regulator, each Ministry/Department should evolve a 'Management Statement' outlining the objectives and roles of each regulator and the guidelines Governing their interaction with the government. This would guide both the government department and the Regulator. <b>(29)</b>	
30	(c) There is need for greater uniformity in the terms of appointment, tenure and removal of various regulatory authorities considering these have been set up with broadly similar objectives and functions and should enjoy the same degree of autonomy. The initial process of appointment of Chairman and Board Members should be transparent, credible and fair. <b>(30)</b>	
31	(d) The appointment of the Chairman and Board Members for all such regulatory authorities should be done by the Union/State Governments after an initial screening and recommendation of a panel of names by a Selection Committee. The composition of the Selection Committee should be defined in the respective Acts and may broadly follow the pattern laid down in the Electricity Regulatory Commission Act. <b>(31)</b>	

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
32	(e)The tenure of the Chairmen and Board Members could also be made uniform preferably three years or 65 years of age whichever is earlier. <b>(32)</b>	
33	(f) Legal provisions regarding removal of Board Members should be made uniform while at the same time ensuring sufficient safeguards against arbitrary removal. This could be achieved by allowing removal by the Union Government only on fulfillment of certain conditions as laid down in Section 6 of the IRDA Act with the additional safeguard that a removal for abuse of power shall be preceded by an enquiry and consultation with UPSC. <b>(33)</b>	
34	(g) Parliamentary oversight of regulators should be ensured through the respective Departmentally Related Standing Parliamentary Committees. <b>(34)</b>	
35	(h) A body of reputed outside experts should propose guidelines for periodic evaluation of the independent Regulators. Based on these guidelines, government in consultation with respective Departmentally related Standing Committee of the parliament should fix the principles on which the Regulators should be evaluated. The annual reports of the regulators should include a report on their performance in the context of these principles. This report should be referred to the respective Parliamentary Committee for discussion. <b>(35)</b>	
36	(i) Each statute creating a regulator should include a provision for an impact assessment periodically by an external agency. Once the objective of creating a level playing field is achieved, the intervention of the Regulators could be	

Sl. No	Recommendations made by Administrative Reforms Commission	Government's Decision
37	<p>reduced in a phased manner ultimately leading either to their abolition or to convergence with other Regulators.(36)</p> <p>(j) There is need to achieve greater uniformity in the structure of Regulators. The existing coordination mechanisms such as the Committee of Secretaries/ Cabinet Committees, assisted by Secretary (Coordination) could easily ensure that the institutional framework for all Regulators follow, by and large, a uniform pattern. (37)</p>	