

Introduction to Public Policy

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Organization

- **Relevant Thoughts, Insights**
- **Global and Domestic Context for Public Policies**
- **Economic Reasoning and Public Policies**
- **Bibek Debroy on Reforms**
- **Concluding Remarks**



I consider that the great national sin is the neglect of the masses, and that is one of the causes of our downfall. No amount of politics would be of any avail until the masses in India are once more well educated, well fed, and well cared for... If we want to regenerate India, we must work for them.

-- Swami Vivekananda

{CWSV - 5 : Interviews : The Missionary Work Of The First Hindu Sannyasin To The West And His Plan Of Regeneration Of India}

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#EkBharatVijayiBharat
#VRock50**



Dr Ambedkar on the Nature of the Indian State

- 4th Nov 1948 in The Parliament Dr Ambedkar, a key person in Drafting of the Indian Constitution, said:

"The Drafting Committee wanted to make it clear that though India was to be a federation, the Federation was not the result of an agreement by the States to join in a Federation"

"The Federation was not the result of an agreement by the states to join in a Federation & the Federation not being the result of an agreement no State has the right to secede from it."

The Federation is a Union because it is indestructible. Though the country and the people may be divided into different States for convenience of administration the country is one integral whole ... derived from a single source"

The Ten Commandments of Logic

1. Thou shalt not attack the person's character, but the argument. (*Ad hominem*)
2. Thou shalt not misrepresent or exaggerate a person's argument in order to make it easier to attack. (*Straw man fallacy*)
3. Thou shalt not use small numbers to represent the all. (*Hasty generalisation*)
4. Thou shalt not argue thy position by assuming one of its premises is true. (*Begging the question*)
5. Thou shalt not claim that because something occurred before, it must be the cause. (*Post hoc/False cause*)
6. Thou shalt not reduce the argument down to two possibilities. (*False dichotomy*)
7. Thou shalt not argue that because of our ignorance, a claim must be true or false. (*Ad ignorantum*)
8. Thou shalt not lay the burden of proof onto him that is questioning the claim. (*Burden of proof reversal*)
9. Thou shalt not assume "this" follows "that" when there is no logical connection. (*Non sequitur*)
10. Thou shalt not argue that because a premise is popular, therefore it must be true. (*Bandwagon fallacy*)

Relevant Thoughts, Insights

सर्वस्यौषधमस्ति शास्त्रविहितं मूर्खस्य नास्त्यौषधम् ।

There is a cure for everything but not for foolishness.

Relevant Thoughts, Insights

Government has no business to do business. Its job is to think about food for the poor, make houses & toilets for them, get them clean drinking water, make health facilities available to them, make roads, to think about the small farmers.

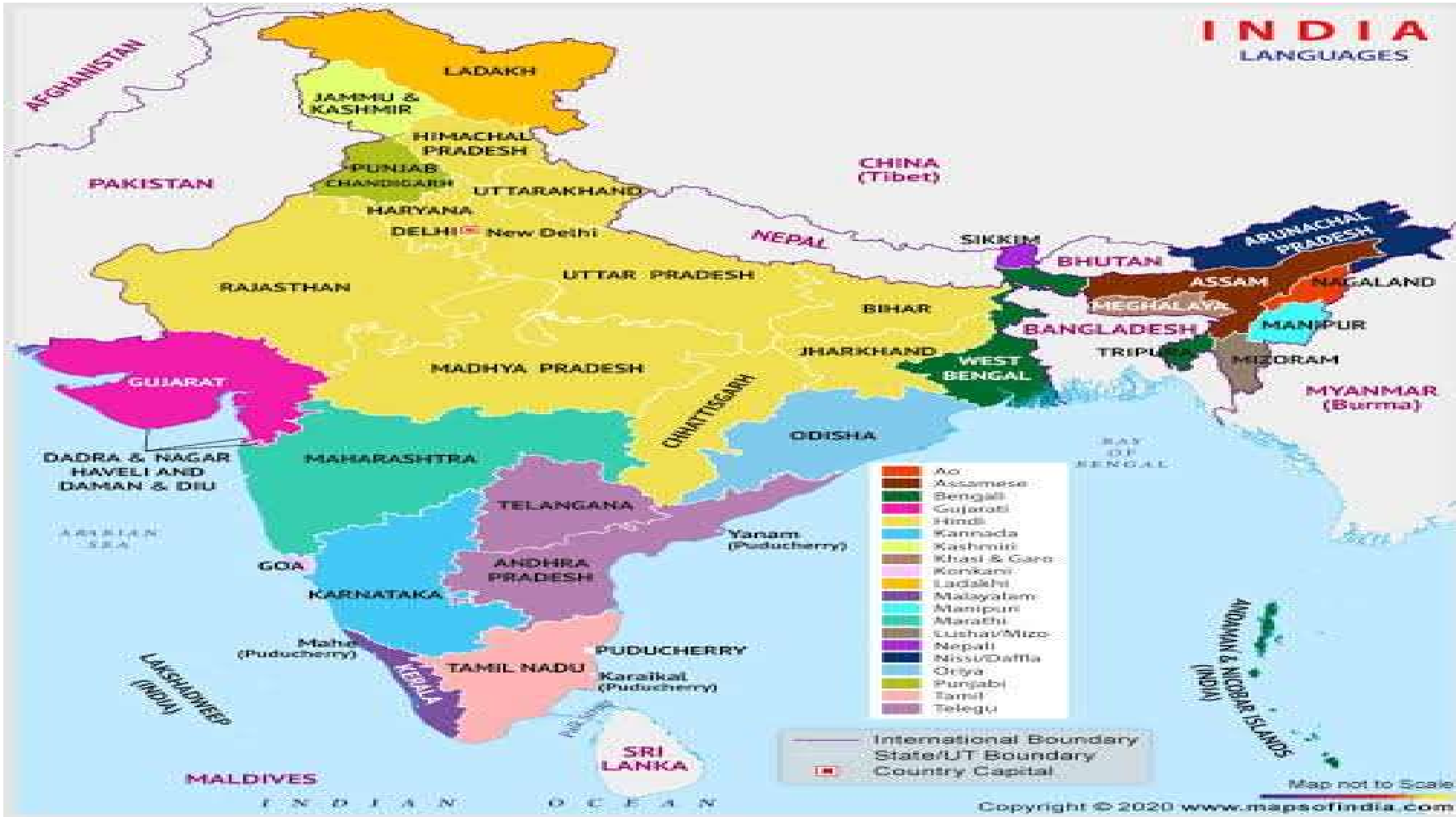
This is my priority: PM Modi

This suggests that public policies need to be viewed in an integrated and systemic manner, and must involve economic, political, social aspects in an integrated manner.

It is for this reason that Public Policy and management programs involve an interdisciplinary structure involving economics, political science, management, quantitative and qualitative methods, law and regulation, and data analysis.

Different Programs give different weights to the above areas. Therefore, selection of which Program to pursue should be done carefully.

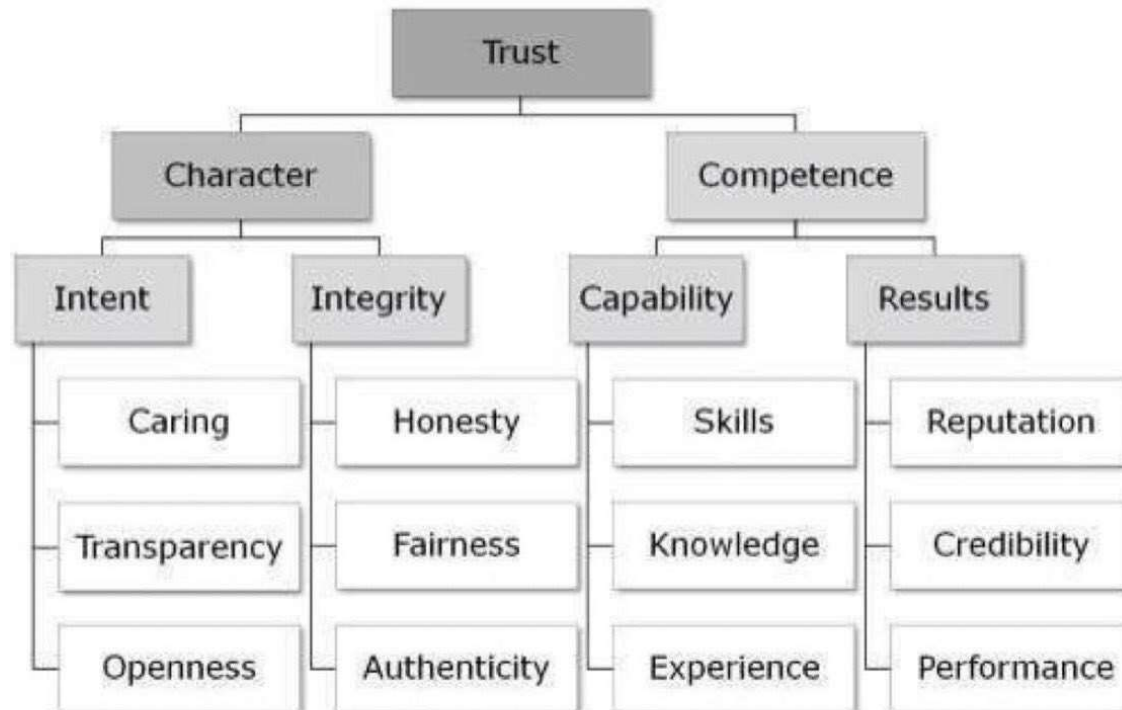
INDIA LANGUAGES



Relevant Thoughts, Insights

- जिसे आस्था है, विश्वास है, उसे किसी सबूत की ज़रूरत नहीं होगी और जिसकी आस्था नहीं, जिसे विश्वास नहीं, उसे आप जितने चाहे सबूत दे दो, वो कभी पर्याप्त नहीं होंगे.
- For effective public policies, trust in leadership at all levels, and confidence in the integrity of systems and institutions are essential.

Elements of Trust



Relevant Thoughts, Insights

- “ A democracy can flourish only if rights & duties equally balanced. Rights of citizens are being protected, but duties are yet to be enforced effectively”: Madras High Court says while stating that due to imbalance between enforcement of rights and duties, democracy adversely affected

Relevant Thoughts, Insights

PM Modi referring to the use of science in the modern-day said, 'Science is Universal and Technology is Local.'

The PM further emphasized how to make use of science and technology so that it helps us to elevate our 'ease of living.'

He talked about increasing investments in house constructions, railways, airways, waterways and optical fibers and called out to the youth to give ideas for technological advancement in these areas.

Global and Domestic Context for Public Policies

Global Context

- **First, globally the term ‘fragmentation’ as opposed to ‘globalization’ is increasing used. The term is a consequence of ‘friend-shoring’, expanding economic and security engagements among countries with similar values. As S. Gurumurthy has observed, safety and confidence in partners is long term cheapness. How can India as a reliable partner take advantage of the fragmentation. Which will be a medium-term process.**
- **Second, there is weaponization of economic, finance, regulatory arrangements, technology capabilities and others. India must develop capabilities to not only protect itself against such weaponization, but develop willingness and capabilities to use the weaponization process where necessary.**
- .

Global and Domestic Context for Public Policies

A. Mishra has argued that anything can be weaponized.

1. From financial protocols like SWIFT to civilian airspace.

2) Lectures on human rights, freedom of speech etc. are pure geopolitical tool.

3) Private companies (like Google) will take political sides.

Another analyst

Need technical, financial & narrative competence to compete globally against weaponization

The way US and EU are going about financial sanctions against Russia tells you why you need a strong multi-polar world. And ability to survive and flourish on your own even against grave threat.

**Enemies need not be always those who are
outside the country with guns.
They can also be inside the country with
pens.**



**A masterpiece painting by an
egyptian painter, describing
the "Media"**

Global and Domestic Context for Public Policies

- **Third, global growth and global trade are not only expected to be subdued and more volatile, but also exhibit weaker relationship than in the past. India will need to generate high sustained growth, and increase its share of world trade, world GDP, and global stock market capitalization in this environment, and progress towards gradual convertibility of the Indian Rupee; and its greater use in bilateral trade**

Global and Domestic Context for Public Policies

Select Domestic Trends for Public Policies

- **First, there is a major shift from entitlement to empowerment. This shift is expected to enhance the importance of merit in all areas of economy and society. This will hopefully lower the weight given to dynastic, and parivar-wadi related factors. This shift is also expected to encourage individual members of household to improve their conditions by their own efforts and entrepreneurship, albeit in an environment where physical, digital, and outcome-oriented governance increasing become more prevalent. The 2023-24 Budget has strengthened this shift.**
- **Second, India's Minister of External Affairs Dr. S. Jaishankar has persuasively argued that Indians must liberate themselves from the colonial mind-sets as this is an essential requirement for India to progress towards becoming a developed nation by 2047. This essential requirement is reflected in the 2023-24 and other policy proposals**

Global and Domestic Context for Public Policies

- Third, the strategic pursuit of digital economy, and make-in-India initiatives has enabled India to pursue scale economies, and help to rapidly develop its physical and social infrastructure.
- The ambition to reach USD 10 trillion economy is insight. Current GDP is around USD 3.5 trillion.
- Fourth, The National Programme for Civil Services Capacity Building (NPCSCB)- Mission Karmayogi aims to create a competent civil service rooted in Indian ethos, with a shared understanding of India's priorities, working in harmonization for effective and efficient public service delivery.

The Mission seeks to keep the civil service at the center of all change, empowering them to deliver in challenging environments. The focus of NPCSCB is also on enhancing the government-citizen interaction, with officials becoming enablers for citizens and business, with development of Behavioural-functional-domain competencies leading to ease of living and ease of doing business.

Thus, by design, Mission Karmayogi adopts a citizen-centric approach for civil service reforms. This is potentially another transformative initiative.

Counter Knowledge with knowledge

Govt to hire specialists to drive its trade talks

Dilasha Seth &
Ravi Dutta Mishra
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BENGALURU/NEW DELHI: The government is exploring ways to involve sector specialists from the public and private sectors during the negotiations on key bilateral free trade agreements (FTAs) to ensure best possible outcomes for India, said two senior government officials.

The Centre has set an exports target of over \$2 trillion by 2027, and will try to negotiate terms that would serve India's interests by onboarding experts from services, agriculture, pharmaceuticals, trade remedies, and digital trade, among others, one of the two officials said, seeking anonymity. "The idea is to create a team of specialists when we go for trade agreement talks. Whichever country, especially if we negotiate with developed nations, they have specialists on the negotiation table. Experts in services, goods, or agriculture attend the talks. There is a realization that it shouldn't be the case that officers negotiating a deal for India have no subject knowledge. It could be a government official or a private sector expert." Experts from the private sector may also be roped in to drive export promotion activities by the department of commerce in key markets, he said.

India has signed an FTA with



Government is also exploring setting up specialised teams for WTO negotiations. REUTERS

the United Trade Emirates (UAE) and concluded an interim trade deal with Australia. It is also in talks with the UK, European Union, Canada, and Israel for bilateral trade deals.

The discussions are on internally, and will need to get approval from the department of personnel and training (DoPT) before the Prime Ministers' Office (PMO) sanctions it, said a second official, also requesting anonymity.

India will start talks with Australia to transform the mini-trade deal into a full-fledged comprehensive economic cooperation agreement (CECA) within two months, and hopes to conclude early harvest deals

with Canada and the UK this year.

The proposal is to strengthen the negotiation ecosystem with the right expertise and robust end-to-end processes, with clearly defined focus areas. "The goal is to achieve an optimal mix of talent with specialists and generalists sourced from the private and government sectors," he added. Queries sent to the spokesperson of the ministry of commerce and industry on Thursday remained unanswered till press time.

The proposal is part of the government's broader strategy to revamp the department of commerce and create a stronger active role for missions in trade promotion for market intelligence, leads generation, and localized research.

The department is also exploring setting up separate specialized teams for bilateral negotiations and World Trade Organization (WTO) negotiations. "Most developed countries involve private players in FTA negotiations, mostly lawyers and economists. India has always been inclined towards using economists from educational institutions but including private participants will be a sensible decision," Pradeep S. Mehta, secretary-general, CUTS International, said. It will be interesting to see whether they will be part of the frontal negotiating team or work at the back-end, he added.

Global and Domestic Context for Public Policies

- Fifth, it is important to recognize that more than half of India's government receipts and expenditure passes through states and urban and local bodies, These need to be given due emphasis in public policies, which is not the case currently.
- Report out of the RBI analyzing similar debt and spending issues at the subnational level in India; focusing on the 10 most vulnerable states Broad list — states in north (Punjab), west (Rajasthan), south (Kerala), east (west Bengal), center (MP)
<https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/6STATEFINANCESARISKANALYSIS143105EB27A744E1B9C404CF7D96909A.PDF>

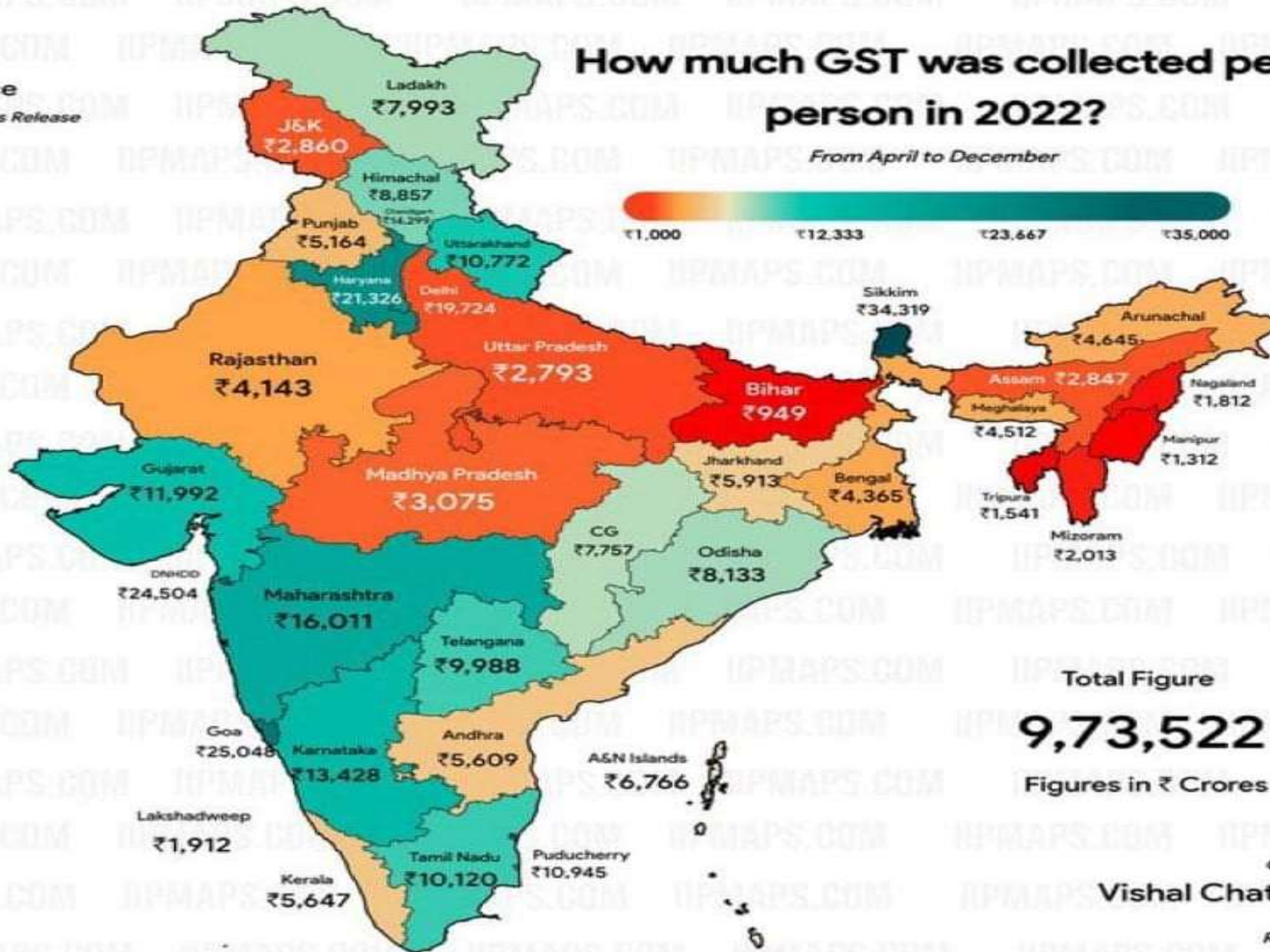
Global and Domestic Context for Public Policies

- The next slide shows GST collected per person in different states in 2022.
- Maharashtra, Karnataka, Tamil Nadu, Uttarakhand, and Gujarat lead in per capita collections.
- Major laggards are: West Bengal, Punjab, Kerala, Amdhra Pradesh, Uttar Pradesh.
- Bihar exhibited GST per person collection of less than INR 1000, the only state to do so.
- A major public policy challenge is to create more growth nodes so the differences narrow.

Source
PIB Press Release

How much GST was collected per person in 2022?

From April to December



Created by
Vishal Chaturvedi

Remixed by

Micro-Economic Reasoning and Public Policies

- **Competence in applying economic reasoning to public policy issues is essential; along with high degree of numerical literacy; faculty with linking of law and regulations with economics and public policy; and art of communication.**

Demand, Supply, and productivity are the primary components of any micro-economic reasoning.

As India is set to experience moderately rapid ageing, improving productivity of land, labour, and capital is essential if living standards are to improve.

- **Examples of Key Economic Concepts**
 - **Transaction Costs**
 - **Opportunity Costs**
 - **Principal-Agent Issues**
 - **Moral Hazard**
 - **Economic Role of Insurance**
 - **Asymmetric Information**
 - **Adverse Selection**
 - **Learning Curve**
 - **Cost, Value, Price: The Three Pillars of Profit**
 - **Economic Value Added**
 - **Economies of Scale and Scope**
 - **Network externalities**

It is suggested you familiarize with these concepts as these will be recurring throughout the subsequent sessions. I have not touched on macro-economic reasoning due to time and space constraint.

Bibek Debroy on Reforms

- Bibek Debroy is an Indian economist, serving as the chairman of the Economic Advisory Council to the Prime Minister of India
- Bibek Debroy, 2021. **“My Reform Agenda Will Include a Second State Reorganisation Commission”**.

<https://www.news18.com/news/opinion/bibek-debroy-my-reform-agenda-will-include-a-second-state-reorganisation-commission-4005212.html>

ACCESSED on 25 July 2021

Debroy makes two points:

First, definition of reform is context- and time- specific. Bank nationalization was considered reform in the late 1960s, today, it will not be considered reform.

Second, examples of reform are like a positive list, which is the approach we have followed since 1991. The preferred negative list route involves taking a position on what government should do and should not do. The latter is as important as the first.

Bibek Debroy on Reforms

- He further argues:
 - The three organs of the State, as laid down in the Constitution, are the executive, the legislature and the judiciary.
 - Reforms are about examining these and their functioning. Indeed, reforms are also about questioning the present Constitution.
 - Reforms are about generating a consensus on what we expect the government to do and what we don't expect it to do.
 - Reforms are about deciding which level of government (Union, State, Local) should perform a specific task.
 - Reforms are about agreeing on how that level of government generates resources to accomplish that task.
 - Our reforms should be about responsibilities of citizens, not just their demands.

Bibek Debroy on Reforms

To continue Debroy's arguments:

- **Rule of law has two critical elements—the law itself and the institutions that help enforce it; mainly two institutions, i.e., the police and judiciary.**
- **In any reform agenda, this ought to be right up front. Despite the fact that the Constitution mentions three organs of State—the executive, the judiciary and the legislature—why is the exclusive focus of the reform discourse the executive, as in the Union government, not even state governments? Why don't we talk about judicial reforms, a point I have just mentioned? Why do we never talk about reforming the legislature (Parliament and State Legislatures)?**
- **What about states and administrative channels for delivering governance? We have had only one States Reorganisation Commission (SRC). It was constituted in 1953 and it submitted a report in 1955**
- **A priori, one doesn't know what the appropriate threshold levels are for either population size or geographical area. But it does seem that some states are too large to govern efficiently, and some states are too small to govern efficiently, with governance now being interpreted in that economic sense. In other words, my reform agenda will include a Second State Reorganisation Commission.**

Bibek Debroy on Reforms

- **The thrust of everything I have said is that I have no problems with an agenda that talks about reforming markets. However, that is a myopic and narrow agenda. I think the time has come to focus on institutions, including the judiciary.**
- **Rajeev Mantri has argued that: Somebody should try to quantify and do a thorough analysis of the economic and financial destruction caused by arbitrary court judgments just in the last 15 years. The number is likely to be in trillions of rupees.**
- **In this context, India's CEA (Chief Economic Advisor) Dr Anantha Nageswaran has cautioned that unintended consequences on economic activities and society created by regulations need to be given greater weight.**

Concluding Remarks

- Growing interest in public policies is a welcome positive sign. The interest needs to be sustained.
- The Challenge is to obtain citizen centric outcomes from public policies in the context of India's complex political economy.

Four criteria for evaluating public policies are:

- **Economy**: minimizing the cost of resources used or required (inputs) – **spending less**;
- **Efficiency**: the relationship between the output from goods or services and the resources to produce them – **spending well**; and
- **Effectiveness**: the relationship between the intended and actual results of public spending (outcomes) – **spending wisely**.
- **Equity**: the extent to which services are available to and reach all people that they are intended to – **spending fairly**. Some people may receive differing levels of service for reasons other than differences in their levels of need. Strategic use of technology at a required scale can help achieve equity, as has been the case in India using digital technology, such as DBT, Direct Benefit Transfers.

Concluding Remarks

- **Reform of institutions, including the constitution, and the governance at all levels, including states and urban and local bodies, is essential for India to manage the challenges of the 21st century.**
- **There is also an urgent need for judicial reform for more effective public policies.**
- **Researchers, academics, professionals, and students could contribute to reforms in the above areas by enhancing their competence, and by becoming more nuanced and informed consumers of public policy discussions.**