

Insiders, outsiders and the IES

Being a specialist service, the IES needs to continually assess itself against outside competition and its officers need to keep up with developments in the discipline, especially as it relates to tools of analysis and policy-making

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The Indian Economic Service (IES), the cadre of government economists, has come under scrutiny recently from a few eminent economists with suggestions on the quality of IES entrants and the effect of encadrement of posts by the service on lateral entry of outside talent in government. This article addresses these issues.

On quality, comparing a technical service like IES with other services is comparing apples and oranges. Recruitment procedures are different and so are the tasks and responsibilities assigned to each. IES officers must have a postgraduate degree in economics and the IES examination, like that of the Indian Forest Service, is conducted separately, testing applicants for technical grasp of the subject.

Data on the educational background of officers joining the IES between 2010 and 2015 show that a majority of these candidates (above 60 per cent) graduate from the best institutions in the country (the Delhi School of Economics, Indian Statistical Institute, Jawaharlal Nehru University, Indian Institutes of Technology and others) and abroad with above 40 per cent possessing at least an MPhil/PhD degree. So, it is not convincing to argue that the IES fares worse than any other service, especially when the necessary qualification to appear in the Civil Services Examination is a bachelor's degree.

And, in any case, there has been no relative evaluation of performance of IES officers compared to their counterparts in other government functions. Indeed, there is strong evidence of quality: there is excess demand for IES officers from the central government as well as from

state governments and regulatory agencies at least until a certain level. So, on this market-based test of quality, the IES fares well. In addition, previous chief economic advisers including Bimal Jalan, Nitin Desai and Raghuram Rajan have all praised the quality of IES officers, the role they have played in shaping policy, and the need to find more of them to bolster in-house capacity.

Turn next to encadrement. Does it crowd out the scope for lateral entry of the best talent available? Encadrement is undertaken by all organised services to ensure that at least a certain number of posts will be available for them. It ensures that officers with certain skills have incentives to excel with avenues open to move to the very top. This allows specialised civil servants to develop a stake in the system and work for the public cause.

It is well known that the share of officers from the police, forest and central civil services represented at senior levels (posts of joint secretary and above) in the government of India is just about 27 per cent according to the Report of the Seventh Central Pay Commission, even though these services account for a substantially larger share of the total pool of officers. It is against this background that encadrement of posts by the IES must be viewed. Encadrement is really about achieving parity within the system rather than a device to keep out outsiders.

Moreover, encadrement is quantitatively modest. For example, the number of IES-encadred posts at the level of joint secretary and above remains at about 12 per cent in the five departments of the ministry of finance of the government of India, which is the ministry most functionally aligned to the skill set of the IES. Apart from the fact that the number is small, encadrement is not a serious deterrent to hiring outside experts in government as there is no bar on such



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hiring. The fact that more outside economists have not come in across the government could be as much due to the supply side disinclination on the part of outsiders than to any deterrent effect of encadrement.

In this context, it is ironic that the charge of deterring outside talent is levelled against the IES which has been the only service that has consistently accepted an outsider — the chief economic adviser — to be its head.

Of course, being a specialist service, the IES needs to continually assess itself against outside competition and its officers need to keep up with developments in the discipline, especially as it relates to

tools of analysis and policy-making. Bringing in outside talent can only be part of the answer. An overwhelming part of the response should be training and skills upgrade of officers following the recommendations of the Vijay Kelkar committee. Lateral entry cannot be a substitute for capacity-building within the government in the long run. Just as experience of work in the government can turn a novice into an adroit administrator, or a renowned diplomat, or an astute taxman, it can with the right training and exposure turn someone into an influential policy economist. To this aim, especially over the past decade, the government has undertaken several steps

to strengthen training and capacity-building for in-house economists.

No doubt, economists in the government must adapt to the rapidly changing world. But so too must the rest of the government. Competition from the outside combined with vigorous and ongoing efforts to improving training and increasing skill development opportunities of officers will become imperative. These are the challenges that the civil service in general, and the IES in particular, will have to rise to in the years to come.

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