



THEIR VIEW

MINT CURATOR

Medium-to-long term priorities that the budget should address

Let's promote job generation in labour-intensive sectors, augment fresh-water supply and invest in cutting-edge technologies



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As we approach the new year, preparation of the annual budget is proceeding in earnest. Apart from the annual balancing of expenditure, revenues and the deficit, the next budget will hopefully address some medium-to-long term priorities, as there is no other policy document that can address these concerns in the post-Five Year Plan era. These priorities have been discussed in several of my earlier columns. Here, I briefly summarize the three most important.

First, we need to make growth more employment intensive. Surveys indicate that the number of openly unemployed has grown from about 10 million persons in 2011-12 to about 20 million today. In addition, there are under-employed workers, though their robust quantification is difficult. How can growth be made more labour intensive? In a welcome move, the 2024-25 budget introduced several employment-linked incentive (ELI) schemes and an apprenticeship programme, altogether amounting to an allocation of nearly ₹12,000 crore. Assuming the private sector responds positively to these schemes, they would help draw in relatively well-educated unemployed individuals into formal-sector employment.

However, it would have little impact on the informal sector, which accounts for 90% of the workforce. For them, we need a different ELI that makes employment-intensive sectors of economic activity relatively more profitable. An NCAER study identified some 20 labour-intensive sectors where every ₹1 crore of output generates 20 additional jobs. Of these, about 10 sectors are already large employers of millions of workers: like construction, transport, trade, hotels and tourism, textiles and garments, food processing, etc. An ELI scheme linking incentive grants to additional employment could be extended to these sectors. The demand in these sectors would be for relatively low-education, low-skill and low-wage workers, which matches the profile of the bulk of our workers. Alongside, skilling programmes can be used to gradually upgrade their skills, productivity and wages through on-the-job training.

Next, we need a renewed infrastructure thrust. Muted growth during the last two quarters notwithstanding, most annual growth forecasts indicate that India's economy is back to the 6.5-7% growth path that was maintained prior to 2017-18. This is a robust growth path when benchmarked against other major economies. However, it is not high enough to achieve the Vikiat Bharat goal by 2047. For that, we need growth of around 8% for the next two decades, a tough call.

How do we get there?
A key driver of India's robust growth is the thrust on public infrastructure investment, a hallmark of



BJP-led central governments. To move to an 8% growth path, we need an even stronger public investment thrust, especially because private investment remains muted for a variety of reasons. Much of the public investment so far has been in transport infrastructure, especially roads, power and communications. For an extra investment boost, I would recommend augmenting fresh water supply.

The world already has a fresh water deficit. It is estimated that by 2030 this deficit will amount to 40% of demand. In India, we see it in routine water rationing in urban areas, receding glaciers, steeply declining water tables and the drying up of tanks and streams. It is essential to better manage water demand through policy incentives to shift cropping patterns away from water-intensive crops like rice, wheat and sugarcane, which account for 70% of water consumption in agriculture, which in turn accounts for 70% of total water consumption. But augmenting the supply of fresh water is also urgent. The best option is to conserve rainwater, much of which flows into the sea, by building small dams, bunds and ponds on a war footing.

The second-best option is desalination of sea water through flash-distillation or reverse osmosis. These processes are not without problems and very expensive, especially given the high cost of energy. Yet, estimates indicate that desalination costs have declined from \$1 per cubic metre in 2020 to \$0.40 today, as the cost of renewable energy has plummeted. With a 7,000km shore-

line, India has a high potential for desalination. The third priority which needs a big push is R&D in cutting-edge technologies. The world is simultaneously experiencing three fundamental technological revolutions: an energy transition from fossil fuels to renewables, a bio-technological revolution and an artificial intelligence (AI) revolution. The way we live and work is undergoing profound changes. The world in 2050 will be very different from the one that existed in 2000. Countries that lead these technological transformations will also control the global economy.

Hence, the intense technological competition, especially between the US and China. In India, an institutional architecture is in place for addressing these ongoing revolutions, especially AI. Significant allocations were also made in the last budget to support these institutions. However, these initiatives need to be vastly scaled up, along the lines of the Atomic Energy Commission or Indian Space Research Organization, if India is to position itself as a significant player in the ongoing technological transformation.

What is being suggested is a big-bang transformation, not incremental change. The expenditure for the three priorities outlined above will be significant. However, as I have often discussed, there is considerable flab in the fiscal system. By eliminating unwarranted subsidies and tax expenditures (concessions and exemptions), large volumes of resources can be freed up to finance these new expenditure priorities.

These are the author's personal views.

QUICK READ

Employment incentive schemes in 10 labour-intensive sectors should be launched, even as public investment is stepped up vastly in fresh-water facilities and emerging fields of technology.

The three priorities can deliver a big-bang transformation and resources could be raised by getting rid of flab in the fiscal system. Unwarranted subsidies and tax exemptions must go.

How will US federal workers react to the wrath of DOGE?

They face hard choices. The US should heed past advice on reforms



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The US should dust off Paul Volcker's 1989 public service report

America has elected a president who has empowered two businessmen with no experience in public service or governing to effectively rule over the federal government, in part by promising to "delete" assorted agencies as part of a plan to cut spending by \$2 trillion. Both have an affinity for mass layoffs, Elon Musk at his various companies and Vivek Ramaswamy of federal employees as part of a campaign promise.

Whether these men, who will lead President-elect Donald Trump's proposed Department of Government Efficiency (DOGE) will have any actual authority remains to be seen. If nothing else, their impossible-to-meet promises to slash spending and fire workers has put a spotlight on government employees in terms of who they are, the functions they perform and their motivations for working in the public sector.

Although we don't yet know DOGE has in store, an improvement in job quality, wages and working conditions is unlikely. Just this week, Trump threatened to fire federal employees who don't come back to the office and said he would go to court to challenge a Biden administration labour contract that locked in remote work arrangements for thousands of them.

So, if you are a federal worker, should you quit and avoid the potential wrath of DOGE? In some ways, the answer reveals what is wrong with government. Paul Volcker was a lifelong advocate of improving public service. The former chairman of the US Federal Reserve who is credited with breaking inflation in the early 1980s spearheaded the first National Commission on Public Service report in 1989 and the follow-up in 2003. He liked to point out that the casual bashing of federal employees that politicians love to do was destructive. The more public service is denigrated, the less appreciated civil servants are and the harder it is to recruit high-quality employees.

Both commissions concluded that the biggest problems with public service was not workers, but how they were led and organized. The first report emphasized that civil servants report to political appointees and that this number had swelled. They total about 4,000, helping to choke off promotion and career advancement. At some point, success based on performance ends and political connections take over. The second report made the same point, but focused on the organizational structure of the government, an outdated holdover with duplicative responsi-

bilities under rules that carry the power of law. It concluded that the agencies needed to be made anew based on tasks and mission. The commission guessed that such a task would take a decade.

It was as if the system was designed to discourage workers. But which workers? Let's go back to original question. Should a federal employee quit? Say the answer is 'yes.' If Trump doesn't appreciate the work of government employees and agrees that many, if not most, should be laid off, then quitting is a way to signal dissatisfaction as well as signal that a lack of respect is costing America valuable civil servants. But quitting can be interpreted as a political statement. Trump has long claimed that federal employees comprise a "deep state" that he's vowed to dismantle. Quitting just as he is re-elected plays into his belief that public employees are politically motivated.

Let's say the answer is 'no.' After all, from the perspective of civil servants, politicians and their appointees are like short-lived mayflies. Staying sends a signal that whatever the political noise, civil servants are above it. Their job is to serve the people and the people elect new bosses every four years. But staying the course has its own risks. If fans perceptions that civil servants don't have the skills for private-sector jobs, and if they could leave, they would. Whatever they do, federal workers risk being viewed as political or incompetent or both.

Quiet technocrats drawn to the mission of public service will choose to stay. That's not to say that they never quit, get frustrated nor leave for the private sector. But politics doesn't dictate what they do and they serve both parties equally.

And that's the real problem. The people best poised to punish politicians for their poor leadership, mismanagement or byzantine organizational structure are inclined to stay quiet. Aside from quitting, there's not much civil servants can do in protest. The US Hatch Act limits political behaviour. They can't endorse a candidate, a policy or a commission's recommendations, and can't make political donations or campaign for a person or party.

Civil servants are a convenient punching bag to distract from the failures of leadership to raise US government performance. The solutions offered in 1989 and 2003 still make a lot of sense.

THEIR VIEW

Spare a thought for over-stressed Indian bureaucrats

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The life of an Indian bureaucrat is a paradox of power and vulnerability. Entrusted with the nation's progress and often bearing the brunt of its frustrations, they are expected to deliver super-human results under relentless scrutiny, manage conflicting demands and endure an exhausting workload without faltering. Yet, it surprises many that our bureaucracy must brave a growing epidemic of stress.

Bureaucrats operate in an environment where occupational hazards are not only physical but also psychological. Long hours, constant multi-tasking and the need to sift through hundreds of files daily are merely the start. Their days are punctuated by irate calls from stakeholders and urgent demands from political leaders. The frustrations of adapting to constantly shifting expectations, combined with having to deal with the egos of superiors within the service as well as political stakeholders, often make their work atmosphere toxic. Sometimes, even verbally abusive relationships need to be

endured. While their professional lives are steeped in responsibility, they are also entangled in a web of emotions—fear, pride, jealousy and, increasingly, burnout.

Service rules are ostensibly designed to protect them. Yet, there is a pervasive fear of being hauled up for questioning, often fuelled by the weaponization of intricate regulations. This is further complicated by the small, elitist nature of the cadre. Adverse dynamics within the services could compound stress.

The bureaucrat's challenges are amplified in today's VUCA world, one of volatility, uncertainty, complexity and ambiguity. Stakeholder expectations evolve rapidly, yet the training and skill development of civil servants remain largely static, even outdated. Many mid-career bureaucrats resist re-training or unlearning, often with the belief that their experience is sufficient. This reluctance, coupled with the fast-changing nature of their work, creates a dangerous cycle of overwork and under-preparation.

While their counterparts in corporate or civil-society roles face redundancy without continual upskilling, bureaucrats can coast through an unremarkable career by keeping a low profile. However, such complacency undermines the purpose of their service—to

drive change and innovation. After all, they did not choose this path to lead a dull, uninspired professional life.

In the management ideology of carrot-and-stick, bureaucrats seem to get only the stick, with little to no carrot in sight. This lack of incentives discourages them from pursuing innovative or outlier ideas, as risks outweigh rewards. Experimentation, which is critical for progress and reform, often takes a backseat as bureaucrats put self-preservation above creativity. No wonder that many who rise to senior roles eventually get cynical, focusing solely on keeping their bosses satisfied and engaged.

Stress in bureaucracy is not new, but its intensity and consequences have reached alarming levels. Chronic exposure to occupational overload results in burnout—a condition far more debilitating than transient stress. Studies have shown that sustained high stress alters the body's ability to respond to new stressors. Symp-

oms of it range from physical fatigue and insomnia to behavioural issues like irritability, social withdrawal and reduced creativity. It diminishes not just the bureaucrat's productivity, but also the capacity to contribute meaningfully to society.

The notion that stress is acceptable as a part of 'national service' is outdated. It's time to prioritize the well-being of bureaucrats.

Health first: Let's encourage bureaucrats to prioritize their physical, emotional and mental health. Regular check-ups, access to confidential counselling services and workplace wellness modules should be the norm.

Time for reflection: Setting aside personal time for introspection and free thinking could help our officers regain clarity and perspective. As Mahatma Gandhi once said, "There is more to life than increasing its speed."

Unlearn and relearn: This must be institutionalized. Regular workshops on emerging challenges, technology and leadership skills can help

bureaucrats adapt. As Alvin Toffler put it, "The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn."

Fix incentives: Tangible rewards for innovation and exceptional performance, plus allowance for a tolerable range of experimentation, should replace the current reliance on the arbitrary whims of superiors.

Civil servants are the country's backbone of governance and their well-being is critical to the nation's progress. India must recognize that the resilience of its bureaucracy is not infinite. As the Bhagavad Gita reminds us, "Yoga is the journey of the self, through the self, to the self." A focus on self-care, lifelong learning and systemic reform can empower bureaucrats to fulfil their roles with greater effectiveness and joy.

The question is not whether we can afford to address stress among our bureaucrats, but whether we can afford not to. It is time to make the system more humane, ensuring that those who serve the nation do so with fulfilment and purpose—not at the expense of their health and general well-being. A nation's progress rests not just on the shoulders of its bureaucrats, but on the strength of their spirit. A burden too heavy, left without relief, could break even the strongest pillars.