



WALKING WITH GIANTS

A MEMOIR

G Ramachandran, I.A.S. (Retd.)

Former Finance Secretary, Government Of India

Foreword By

Dr. Y V Reddy, I.A.S.

Chairman, 14th Finance Commission

Former Governor, Reserve Bank Of India

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out, or otherwise circulated without the publisher's prior written consent in any form of binding or cover other than that in which it is published and without a similar condition including this the rights under copyright reserved above, no part of this publication may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the prior written permission of both the copyright owner and the above-mentioned publisher of this book.

Walking with Giants

© G. Ramachandran

First published in October 2013

Walking with Giants

By the Author

MEMBERS OF THE C. RAMACHANDRAN IAS (RETD.)

G. Ramachandran, IAS (Retd.)

About the author

(MEMOIRS OF SHRI G. RAMACHANDRAN, IAS. (Retd.))

The author of the book, Shri. G. Ramachandran had a brilliant career in the Civil Services. Being a First Class First in MA Economics from the Madras University, he stood first in the All India Competitive exam for appointment to the IAS in 1949. He was posted to the Madras State where his merit was soon recognized.

He served as PS to CM Rajaji and worked later with Kamaraj, Bakthavatsalam, Annadurai as Chief Ministers with distinction. He was the youngest officer to become Finance Secretary in Tamil Nadu in 1965. He was handpicked for the post of Joint Secretary (Economics) by the PM, Smt. Indira Gandhi's Secretariat in 1969.

Operating behind the scenes, in the PM's Secretariat, he kept a watchful eye on the economic scenario and helped Prime Minister Indira Gandhi to formulate progressive measures like Bank Nationalisation and Poverty alleviation.

He rose to become Finance Secretary, Government of India, a controlling position in the management of the financial affairs of the country.

He survived the cataclysm arising out of the transition to Janata rule when some powerful bureaucrats were wither shunted out or subjected to witch hunting. However he continued in the post of Finance Secretary in the Janata regime despite the political changes to serve under Prime Minister Morarji Desai and Charan Singh.

He finally retired in 1985, as Executive Director of the Asian Development Bank, Manila.

Mr. Ramachandran had a ring side view of the economic development of the 70s and early 80s with the vantage positions he held. His memoirs are expected to throw light on the dramatic personae in the political arena of those days. Shri.Ramachandran, besides being a highly rated intellectual, is a voracious reader, an avid lover of cricket and engaging conversationalist.

Finance and development, are his forte.

His book is bound to enrich the existing literature on Government and governance in India since Independence.

Acknowledgements

The contents of this book were dictated by me between March and September of this year, when I was under treatment for cancer. My sudden confrontation to this malign ailment brought together my family to my bedside. It was then that I realized how deeply caring and affectionate the members of my family were towards me. My wife Subbalakshmi who has shared my joys and misery over six decades, my daughter in law Sharada who for over two decades has kept house for me, my sons, Ganapathi and Arun, and my daughter Geetha, living in her house in the same compound, her husband Gangadaran, all gave me emotional support, without which I could not have ventured on this book. They were keen that I should write about my experiences as a Civil Servant for the young members of the family to know what kind of a career I have had my successes and failures and perhaps I should say, coerced me to write my memoirs. I thank them for the love and affection showered on me.

My son Ganapathi is a stern taskmaster. He set deadlines – perhaps red lines for each stage in the preparation of the book. His frequent exhortation to me were intended to ensure that there was no flogging of interest in the compilation of this book. The entire logistics relating to the typing, printing and publication of this book was managed by him with great ability.

My sammandhi, U. Vaidhyanathan, an IAS officer of Bihar Cadre, only five years junior to me in service who had known me from the late 60's and worked under me too as Financial Advisor for over three years, volunteered to assist me in the preparation of the book. He went through every line of what I had written and

suggested many corrections, additions, and deletions which had an overall effect on improving the style and contents of the book. I cannot thank him adequately for his labours.

My daughter Geetha took down in longhand many portions of this book. In acting as an amanuensis, she was not as passive as Vigneshwara, in taking down what Vyasa had dictated. While taking down what was dictated to her, she would frequently stop me and raise queries and proceed further only when I had satisfactorily met her points. My daughter in law Kalyani, an English Honours student, with a diploma in Journalism, who had in the early 90's worked in the editorial staff of a "Think Tank" of a political party in California, brought all her editorial skills in going through my drafts and mailing several improvements to the style and tone of this book.

Sherin, working in my son's office took full responsibility for typing drafts of the book and emailing it to Kalyani in the US for editing. She was responsible for coordinating all the work connected with rendering the book ready for printing. I am deeply indebted to her for all that she had done to making this book happen.

Among others, I should thank Dr. P. Raj Mohan Rao, Chairman, United Telecoms Limited, Bangalore, who has been a friend of the family for over a decade now for urging me and goading me to write a book on this nature. He has been visiting me, once in two months purely to give me the pleasure of talking to him about current affairs of which he is extremely well informed. I should also thank Mr. S. Natarajan, Vice Chairman of the Sriram Group who also happens to be related to me, for sparing his personal stenographer to me for taking down portions of this book.

Not to be left behind, my daughter in law Sharada also took down in long hand some portions of this book. It so happened that this portion dealt with some technical issues, relating to appraisal of projects. This has induced in her a Graduate in English Literature

to take a little more lively interest in knowing about our 'dismal science'. I had not kept any Government papers nor have I maintained a diary. Therefore I have drawn on my memory of the events of the past. But fortunately my memory is still very good. While I am therefore fully confident about the accuracy of the facts set out in the book including the names of various individuals, I may have gone wrong about the initials of the persons concerned. I crave the pardon of readers and the persons concerned for such errors. I have reproduced in appendices, Indira Gandhi speech on Bank Nationalisation and her statement on Steel projects and her speech on Finance Bill as reproduced in the publication brought out by the Lok Sabha Secretariat. I wish to thank Asia Publishing House from whose publications called the Spirit of India for the speech on "Stray Thoughts".

My grandson Navneet introduced me to Arvind, a young entrepreneur, who runs a branding company, called Firebrand Labs. He brought on board Dr. Badri Seshadri, whose publishing company New Horizons Media, made the book a reality within ten days of receipt of the manuscript. I deeply appreciate their work and support.

- G. Ramachandran, IAS (Retd.)

Foreword

Events in history are outcomes of interactions between individuals, institutions and incentives. The role played by each one of these in the outcomes varies depending upon the issues and the context, but they invariably interact with each other to influence the course of history. The perspectives of individuals who participated in such events, are invaluable. They are especially valuable if the individual happens to be not only active participant but a true believer in the philosophy of Nishkama Karma (i.e. discharging duty without reference to rewards). If such a person is endowed with qualities of perception, forgiveness and objectivity, the narration becomes immensely credible. This book by Mr. G. Ramachandran (GR) reflects all these and more; it is a touching, enlightening and candid account of events and behind the scenes happenings in public policy in India over three decades after independence.

The reader can rest assured that no relevant detail has been missed, though 30 years have lapsed since GR has retired. He is noted for his elephantine memory, as well as enviable clarity in articulation, both oral and written. Mr. Valluri Narayan, a valued colleague in the IAS, mentions to me that, GR recalled in 2008 some of the comments that Valluri had noted on a file in 1977, when the latter served as a mere Deputy Secretary, and GR was Secretary to Government in the Ministry of Finance.

GR's family has done a great service by persuading him to write his auto-biography; in a way, this was also a loving gesture to GR in providing a delightful avocation at this significant phase of his life. The first chapter titled "Why this Book, why now?" provides a

moving account not only of the man and his times, but also serves as a touching foretaste of the intellectual feast that the book serves. The book is, indeed, a retrospect of some of the happenings in the corridors of power in India. More importantly, however, it provokes thinking on what has happened since then and speculation on where public policy in India is potentially headed.

GR held high positions to which he was mostly invited or requested to choose, and he seldom sought a particular position. He conducted his affairs not only with a sense of duty and dignity but also with personal charm and a positive outlook towards fiduciary responsibilities.

As one reads about his journey from a village to the IAS in 1949, one cannot but compare and contrast the opportunities for education and scope for vertical mobility available to the youth today. In his days, the teaching community was more paternalistic and, in a way, fully devoted to their calling. Today, the teaching profession is, perhaps, in need of incentives to excel. Back then, the choices for the educated youth were limited, but there was clarity on what was expected in public employment. Currently, there are vastly diversified opportunities for both education and employment, but, there is, perhaps, a greater chasm between the elite institutions and others. There is a far greater commercialization of education, and there are considerably enhanced opportunities for employment and self-employment in the private sector, relative to the public sector. However, procedures like campus recruitment, especially through private educational institutions, make access to some of the remunerative jobs, somewhat confined to the more privileged. Some of us bemoan the passing of the old era, but the real challenge is to recognise the improvements that have occurred and consider ways of improving the present system which accommodates a far larger use of technology, making knowledge much more accessible, thereby providing significant vertical socio-economic mobility to the youth. In brief, currently the issue is how to chart the course of education and employment in India, in a manner that

provides good teachers, encourages bright students and ensures empowerment, as happened in GR's case then.

The description of GR's early formative years in the Civil Services shows the values of mentoring by seniors in the services. It was a world where a set of rules of conduct were observed, keeping in view the public interest and positive image of public administration. Mentoring was of significant value in career progression in the past and it is impressively brought out in the book. In a rapidly changing world, with explosion of information technology, mentoring at a personal level may have to take a different dimension, though it is not very clear what it would be. Of greater contemporary relevance is the narration in the book, of experience in the field of administration with political leadership. He mentions, *"I am sure, these days Sub-Collectors exercising such independent judgements would have been kicked out to god forsaken places. I wonder at the deterioration in standards of propriety and conduct of the representatives of the people and political leaders that has taken place"*. There are several recent incidents which reinforce many observations made in the book. Is the deterioration a reflection only of the political leadership or only of the bureaucracy? Or, is it a reflection of the inability of the institutional frameworks to keep pace with the enormous socio-economic and technological transformations that are currently taking place? Indeed, those recruited to the IAS in recent years are, perhaps, far more knowledgeable than those recruited in earlier years and are drawn from a much-larger and more representative cross-section of socio-economic backgrounds than before. What has changed in the social background, education and nurturing of political leadership, and equally the civil services?

Considerable attention in the book has been accorded to the dynamics of the relationship between the political leadership and senior bureaucracy at the state level. This is of great contemporary significance in a situation where the role of the State vis-a-vis that of the market, is shifting in favour of the states from the

Union. Further, Tamil Nadu (and its earlier version, the Madras Presidency) provides valuable insights into the dynamics of policies and administration when the political leadership changes. The narration provides a scintillating account of the relationship between the bureaucracy and a wide array of political leaders: Rajaji, who was eloquent in English, and the original proponent of deregulation; Bhaktavatsalam a respected Congress leader; Kamaraj, eloquent in Tamil and a mass leader, and Annadurai, who spearheaded enormous social changes in Tamil Nadu.

A striking feature of the interaction at state level in the past was the absence of vendetta and an overriding respect for propriety. In recent times, there is a yearning among large sections of the articulate population in India, for leaders who can exhibit qualities of integrity and probity in personal conduct. There are inspiring anecdotes in the book to show that such noble leadership existed in India before and, perhaps, could be brought back even while being pragmatic.

Much has been written about policy formulation under the leadership of Mrs. Indira Gandhi as Prime Minister. There have been several dimensions of her period, articulated by many eminent personalities in their biographies. This book adds another dimension which contributes greatly to a deep understanding of the events of the day. One part, of course, is the human side, but the other part is the internal process of decision making and execution at work. In particular, the behind-the-scenes account of bank nationalisation, 20-point formula and the famous "stray thoughts" of Mrs. Gandhi, are revealing. The arguments in regard to social control of banking versus nationalisation of banking, presented in the book, seems somewhat relevant in the current debate about issuing bank licences to industrial houses. Further, the manner of functioning of the Central Bureau of Investigation (CBI) explained in the book is enlightening. The experiences narrated in the book do provide examples of not only the risks of politicisation of the CBI, but also, equally, of granting untrammelled autonomy to the institution.

The book is equally insightful in its treatment of the conduct of policy during the Janata regime. However, the narration brings out the dangers of personal egos and vendetta playing out at the highest levels of decision making. Equally revealing is the fact that elements of vendetta were continued in some ways after the Janata regime.

The importance of personalities in the Finance Ministry which includes an extensive treatment of the contribution of R. Venkataraman is reassuring. It appears that almost all the Finance Ministers of India proved to be worthy of the trust the nation placed in them, despite occasional mis-judgements.

The book is unique in presenting several instances that reveal the human side of national leaders, Rajaji, Kamaraj, Annadurai, Indira Gandhi, Morarji Desai, C. Subramaniam, H.M. Patel, I.G. Patel, Manmohan Singh, etc. They do reveal the best, the not-so-good and humorous parts of the personalities of those who presided over the destiny of our country for decades. The experience of GR with Mr. Charan Singh may be a bit of a surprise to many. GR writes: *"I found at almost at the end of my service that public perception of their leaders is often highly misleading. Their good traits are ignored and their bad ones highlighted. During my association with Mr. Charan Singh as his senior most civil servant in the Ministry, I was greatly impressed with him as a man of high integrity, amenable to sound arguments by civil servants and willing to take politically difficult decisions in public interest."*

GR is uniquely placed to give lessons on Union-State relations with equal familiarity with both. It is interesting to see how much has not changed in this area of public policy. It is interesting to note what GR said in early 1960s in the memorandum for the 4th Finance Commission. *"I had led the charge against centrally sponsored schemes at various meetings with the Planning Commission which was compelled to set up a committee to study this problem in which I was also a member. This pruned the list of centrally sponsored schemes considerably. We had sometimes to exaggerate the situation in*

order to emphasize the point and to achieve results. I pointed out that centrally sponsored schemes were supposed to be confined to schemes of national importance but centrally sponsored schemes like providing air conditioners in mortuaries and hospitals were schemes that any State would implement normally and did not satisfy the criterion of National priorities". Obviously, not much has changed for decades. But, some things have changed, as brought out by GR in his views placed before the Thirteenth Finance Commission, in 2008 (included in the book). The country is currently poised for a considerable review of the interactions between political, economic and administrative wings, while simultaneously re-examining the Union-State relations in all these dimensions. The book provides a wealth of insights on these relationships, as they evolved in our country.

There is much that has changed in the last 30 years and there is much that has not changed. The intriguing question, implicitly posed by the book, is 'why change' or 'why no change', and depending upon the answer, implications for the future? It was a great privilege to be able to read the draft of the book before it entered the public domain and it is a great honour to write a Foreword. I found the experience exhilarating as a citizen, as a bureaucrat, and as an academic.

1st October 2013

Y. VENUGOPAL REDDY

Chairman 14th Finance Commission,
Former Governor Reserve Bank of India.

Contents

1. Why This Book? Why Now? ...	19
2. From Vallam Village to Metcalf House Hutments in Delhi ...	22
3. The early formative years ...	31
4. Secretariat in the periphery and in the sanctum sanctorum ...	39
5. A transfer of power in Tamil Nadu: The Kamaraj Years ...	48
6. A Collector recollects: Coimbatore memories ...	69
7. Entering Finance in Madras under Varghese ...	81
8. ANNA: Halcyon Days ...	95

9. Entry into PM Secretariat – Stray Thoughts on Bank Nationalisation	...	117
10. Working as Member Secretary in the 6th Finance Commission	...	151
11. Back in PM's Office: OSD Additional Secretary	...	164
12. Janata Rule – Annus Horribilis	...	178
13. The return of Mrs. Gandhi: Finance Secretary	...	198
14. Foreign Days: Asian Development Bank Manila	...	207
15. Epilogue	...	213

should have been normally appointed Chairman without any difficulty whatsoever. But the Income Tax Department at that time was faction ridden and somebody had filed a complaint that the house which Gupta was building was disproportionate to his sources of income and his claiming of HUF status was also wrong. Mr. Praxy Fernandez, without taking a decision on the issue, was allowing files to be tossed between Government and the Central Vigilance Commission. Mr. Pimputkar, a man of high integrity was Chairman of the Central Vigilance Commission. I went and discussed the case with him. I said the charges would be difficult to prove and therefore he should see his way to agree to his appointment, while pursuing the enquiry. Pimputkar would not agree. So Mr. Patel could not consider Gupta's case for the appointment as Chairman of the CBDT.

The next man to be considered was Mr. O. V. Kuruvilla and there were complaints that during his tenure as Member, Income tax, some income tax files relating to Kanti Desai and Padma Desai, were lost. The Janata party men thought that Kuruvilla was somehow responsible for this and that he was a persona non grata with them. Mr. H. M. Patel, a man of integrity, said that he had some information about Kuruvilla and he would like to investigate it further. Till then his name had also to be ruled out. At a meeting of Cabinet Secretary and myself, in H. M. Patel's house on a Sunday afternoon, we prepared a note summarizing the claims of all the persons concerned and ended up recommending Mr. Vivek Badami as the next Chairman. I was asked to contact Mr. Badami, in New York at his son's place and request him to meet me at my office. On the morning of his arrival at 11:00 am in my office,, without letting anybody know, the outgoing Chairman handed over charge to Mr. Badami in my presence and the first formal meeting of the CBDT was held soon after without any legal challenge to the appointment of the Chairman CBDT.

The budget for 1979-80, the first to be handled by me, was remarkable in recent history. I had in fact to prepare two budgets for that year – one for Mr. H. M. Patel, and the other for Mr. Charan

Singh – re-inducted into the Cabinet as Deputy Prime Minister and Finance Minister. After I had prepared the outline for the budget for 1979–80, H. M. Patel had discussed it with Morarji Desai and obtained his informal approval to go ahead. But at this stage, the Finance Minister telephoned and said that the rumor that he was moving to Home Ministry was true. He asked me to keep ready the sensitive files on which he had to pass orders before he moved out. I met him with a few such files and had them cleared, but I also took the opportunity to share my misgivings about my own future in the Finance Ministry. I had established a good rapport with Mr. Patel. One could argue with him and expect the Minister not to be displeased on that account. He was a perfect gentleman and would not hit below the belt. Patel asked me not to be needlessly worried. He was after all still in the Home Ministry, and if it comes to that, he could always take me into his own Ministry.

I was not a total stranger to Mr. Charan Singh. Within a few weeks of Janata Government announcing office, the Indian Space Research Organization (ISRO) submitted a report for the launching of the first Indian Communications Satellite. This report was discussed in a Committee of Secretaries headed by Mr. Rajaadhyaksha with me as one of the members. The committee recommended the approval of the project by the Government. When the Cabinet note was prepared by the Space Department and circulated, it was feared that Mr. Charan Singh, being generally opposed to costly modern projects, would oppose it in the Cabinet. Mr. Morarji Desai left the task of convincing Charan Singh to Patel. Patel, in turn, told me that he had found from his own experience that I had the unique capacity to persuade politicians to agree to proposals which they initially oppose. He asked me to meet Charan Singh and get his consent for the project. I felt nervous. If Charan Singh resorted to Hindi, I would not understand a word of it. He won't be impressed with the usefulness of the Satellite or spread of TV services all over the country. But I called on Mr. Charan Singh and had an hour long discussion with him. He did not use Hindi, in these discussions. During the discussions

I stressed the value of the satellite in spreading more accurate and prompt meteorological information to farmers. It could also meet some of our security needs in the north east region. After the discussion, Charan Singh thanked me and said that he would agree to the implementation of the project. I had achieved a coup. Mr. Charan Singh was generally opposed to public enterprise and in particular, the high level of wages which they pay. So in the Cabinet, he would block all proposals relating to enhancement of wages or fringe benefits for workers. The matter was discussed in the Finance Ministry and we agreed that the only way to get Charan Singh on board would be to agree to set up a committee to consider wage policies in public sector for the future, and clear pending proposals. I was asked to go and explain the proposals to Mr. Charan Singh. Charan Singh agreed to this approach and a committee under Mr. Boothalingam, former Economic Affairs Secretary was set up.

Though my period of service under Mr. Charan Singh as Finance Secretary was for a little less than a year, it was also one of the most important. I found, almost at the end of my service, that public perception of their leaders is often highly misleading. Their good traits are ignored and their bad ones highlighted. During my association with Mr. Charan Singh as his senior most civil servant in the Ministry, I was greatly impressed with him as a man of high integrity, amenable to sound arguments by civil servants and willing to take politically difficult decisions in public interest.

The budget for 1979 - 80, on the taxation side, had to be almost redone. In Charan Singh's first two days in the Ministry, a team of officers led by me explained the proposals which we had already framed item by item and took notes of the revised orders given by the Finance Minister. But Charan Singh had a list of his own suggestion for new taxation. He went through every item relating to consumer goods of interest to the urban consumer and wanted rates to be enhanced. Even items like tooth brush, tooth paste, chocolates were not spared. "Bada Dho" was his direction in every

case. My limited Hindi vocabulary was enhanced by additional few words – “Bada Dho”.

On the 3rd day when Mr. Charan Singh and I were alone, he suddenly asked me whether I understood Hindi. When I honestly told him, that I did not, Mr. Charan Singh expressed his regret that he had been speaking in Hindi during the two days and promised that he would speak to me only in English when we were alone. What a generous attitude towards non Hindi speaking officers. Like Nehru and Indira Gandhi, Charan Singh's attitude towards other linguistic groups was broad minded. Still the view persists that he was a casteist and a regional leader. The budget was not without its sweetness. The Sivaraman Committee on taxation of tobacco growers came in handy. The committee had suggested that the levy on tobacco should be shifted forward to taxation on beedis and cigarettes and other tobacco products. This recommendation was accepted and incorporated in the budget. Mr. Charan Singh could claim in parliament that by one stroke of his pen he had relieved millions of farmers from the clutches of tax inspectors. This part of his speech was wildly applauded in the house.

The budget preparatory period also brought out what a man of high personal integrity Charan Singh was. Perhaps, among other national leaders only Jawaharlal Nehru and Rajaji can match that high level of personal integrity. One day, as I entered his room. Mr. Charan Singh jocularly told me that he wanted two days “chuti” (leave). Keeping up the jocular vein I told him that during the budget season, nobody in the Finance Ministry asks for or is given “Chutti”. Then I told him that for going to Lucknow, he did not need two days and that I can arrange for Defence Ministry's aircraft which he was entitled to use, as Deputy Prime Minister. Charan Singh then revealed that it was for a family wedding and that is why he had to go with the entire family. He could not afford commercial aircraft for all of them and that is why he was travelling by air conditioned second class. No more telling instance of his impeccable integrity needs to be cited. I shall narrate a couple

of more instances later, which marks him out as one of the great figures in contemporary political history.

One of the major discussions Charan Singh took in modifying Mr. Patel's budget was the reintroduction of capital gains tax. As I had always been in favour of it, I readily agreed with him. When Charan Singh met Mr. Morarji Desai, with the outline of the budget, I was sent for towards the end of the discussions. While not objecting to the capital gains tax, at that stage, Mr. Desai however, told me that I was asking the Finance Minister to present an unpopular budget. I told him that the unpopular elements related mostly to taxation of an urban oriented consumption goods and that was the outcome of the Deputy Prime Minister's economic ideology. At that they both laughed and the approval of the budget had been obtained.

As soon as the budget speech was ready, I took it to the Deputy Prime Minister for approval. I told him after he glanced through the budget twice, following the convention, he should take it to the Prime Minister for approval, but I advised that he should remain with the Prime Minister and bring it back with him. This procedure was followed and Charan Singh sat in Prime Minister's room, as Morarji Desai went through the speech line by line. Meanwhile Charan Singh's appointment in the All India Institute of Medical Services was due and he therefore left leaving me as his substitute! Morarji Desai always used to be finicky about the length of the budget speech. He always claimed that his budget speeches were shorter than that of others. So after he had finished reading the entire speech, he told me that the speech was a little too long and that I should curtail it by another 3 or 4 pages. When I said that the speech was just as long as the average of his budget speeches, he said but Charan Singh was not physically fit to deliver this long speech! What a clash of egos between two old figures in Indian Politics. I went back to my room and without getting Charan Singh's permission cut the speech by two-three pages. But the other old venerable figure will not keep quiet. As soon as he returned from his doctor, Mr. Charan Singh telephoned me and

asked me about PM's approval. When I said that in the interest of harmony, I has agreed to some cuts in the speech and had already got a shorter version ready, I don't think the Deputy Prime Minister was immensely pleased!! The budget speech itself was received well in the parliament. The portion relating to abolition of taxes on tobacco growers, reduction of fertilizer duties were cheerfully welcomed. The increase in taxation on consumer goods were jeered at but after the introduction of budget, there was pressure for the withdrawal of the capital gains tax and Charan Singh had to partially yield to the pressure. Capital gains tax could be avoided by investment of the proceeds in rural infrastructure bonds. At the time of the introduction of the Finance bill, Mr. Desai sent for me and asked me to persuade Mr. Charan Singh to abolish the increase in duty on chocolates as it was the children's year. I carried out the change and with difficulty persuaded the Deputy Prime Minister to let the change remain.

When the Finance bill was to come up for clause by clause discussion, Charan Singh dropped a bombshell. He telephoned me at about 8:30 am in the morning, saying that he was not doing well and that I should arrange for Mr. Agarwal, Minister for State to handle the work in the parliament. I alerted the Minister for State, and arranged for a briefing meeting in his room from 9:30am onwards. Mr. Agarwal was not associated with the budget work at all, but being a man of keen intelligence and clear grasp of legal issues, he was ready by about 12:30 to handle the work in the Parliament. Mr. Agarwal put up a brilliant performance and the Finance bill sailed through Parliament smoothly.

I told the Deputy Prime Minister at the end of the budget session that I would need a month's leave to go to Madras for fulfillment of some religious vows. He asked me why I should need a month's time to go to Madras. I said I would need 6 days for the train journey to and fro. He asked me whether I cannot fly. I said no because L. T. C rules did not permit air travel. In our socialist regime a Junior Bank Officer can travel by air on leave travel concession, but not Secretaries to Government do so. I said

that there were even more serious anomalies in compensation schemes. A Joint Secretary to the Government of India and a senior DIG drew less emoluments than a senior clerk in a Bank or LIC. Charan Singh immediately said that he would bear the political unpopularity involved in setting right these anomalies. At a meeting which Cabinet Secretary also attended he suggested that every time there was increase in dearness allowance in accordance with the recommendation of the Pay Commission, an adhoc increase of Rs.150 will be paid to officers getting Rs. 2500 and above. The highest pension payable to IAS officers was also increased from Rs. 675 per month to Rs. 1000 per month. After obtaining the Cabinet approval, Mr. Charan Singh made a Statement in parliament explaining the changes in the scheme of compensation, and the rationale for them. Here again a man who was portrayed as an obscurantist and anti-civil servant politician had taken a bold decision to set right anomalies which other leaders had failed to correct.

Within a month of my return to Delhi after my leave, there was a turmoil in Delhi which eventually brought down the Morarji Desai Government and enabled Charan Singh to form the Government of his own in collaboration with Congress (U) and other groups. Mr. Bahuguna became the Finance Minister. Mr. Bahuguna was an accomplished politician but a difficult person for civil servants to deal with. I enjoyed a good equation with him since 1969 when he became the general Secretary of the All India Congress (requisition group). But there was one issue over which we had differences which could have exploded into a serious split if he had continued in office. A private sector plant in Kotah manufacturing acrylic fibre wanted a reduction in excise duty. Preliminary examination showed that there were some justification in the demand for reduction. So I had referred the matter to a group headed by the Chief Cost Accounts officer of the Government of India. Based on its recommendation, I proposed a reduction in excise duty by about half of what the company asked for. Files were tossed back and forth without any agreement. Dr. Varadharajan, an

outstanding chemist of repute, who was Chairman of the public sector company IPCL manufacturing acrylic fibre informally assured me that the reduction as proposed by the special group would suffice and enable the industry to overcome its difficulties. Based on this, I made my final recommendations to the Finance Minister. The note came back with four page note with the Minister himself in his own handwriting meeting point by point the ones made by me. He stuck to his decision and directed that it should be implemented forthwith. There was no alternative for me but to direct CBEC to implement it. While the notification regarding reduction in duty was in the Government press, Mr. Bahuguna quit the Cabinet. I immediately directed the CBEC to withhold the notification so that we take fresh orders from the new Finance Minister. This ended what could have been an unhappy episode.

When Charan Singh was Finance Minister, he asked me to initiate disciplinary action against C. S. Sastri for lapses in carrying out raids in a highly politically sensitive case. After obtaining his explanation, I submitted it to Mr. Charan Singh with my forthright view, that it would be morally indefensible, legally incorrect, and politically inexpedient to punish Sastri. Mr. Charan Singh, I am proud to say, accepted the recommendations and Mr. Sastri was cleared of the charges. A few weeks later when Mr. Sastri's turn for promotion to the post of Member, Board of Direct Taxes came up for consideration, I recommended him for the post. Both Bahuguna, who had meanwhile become Finance Minister, and Charan Singh as Prime Minister approved of it without raising any difficulty. Justice had triumphed. As Prime Minister of an interim Government, Charan Singh observed faithfully the guidelines laid down by the President and did not try to derive political advantage from any decision by him.

Before I conclude this chapter, relating to work in the Finance Ministry, I would only like to refer a few instances of routine administrative reform which have left a permanent mark. The work undertaken during the time of C. Subramaniam as Finance

Minister for the separation of Audit and Accounts in the central Government was completed during my period as Expenditure Secretary. Each Ministry now had its own Accounts Officer who maintained accounts of salary, pension and other entitlements of Government servants. This resulted in enormous efficiency and more particularly, it enabled pension of officers to be settled on the day of their retirement. We wanted to effect similar reforms in the States too, beginning with Haryana as an experiment. But because of the opposition of the unions the reform could not go through.

Another major problem which was solved successfully with the intervention of the Supreme Court was the long standing dispute between Class I Income Tax Officers and Class II income tax officers. The Supreme Court finally decided the case in favour of Class I officers. Taking advantage of this, I arranged for meetings every day for over a period of ten days with the U. P. S. C. Chairman. The U. P. S. C. Chairman, Chairman CBDT, few other Senior Members of the Central Board of Revenue and myself constituted a panel. We were able to complete the task of determining the seniority of Class I officers. Once this was done, Class I officers could be promoted to the post of Commissioners of Appeal or Regional Commissioner in a month or two. This had a very favourable impact on the morale of the officers.

Foreword

"Events in history are outcomes of interactions between individuals, institutions and incentives. The role played by each one of these in the outcomes varies depending upon the issues and the context, but they invariably interact with each other to influence the course of history. The perspectives of individuals who participated in such events, are invaluable. They are especially valuable if the individual happens to be not only active participant but a true believer in the philosophy of Nishkama Karma (i.e. discharging duty without reference to rewards).

If such a person is endowed with qualities of perception, forgiveness and objectivity, the narration becomes immensely credible. This book by Mr. G. Ramachandran (GR) reflects all these and more; it is a touching, enlightening and candid account of events and behind the scenes happenings in public policy in India over three decades after independence.

As one reads about his journey from a village to the IAS in 1949, one cannot but compare and contrast the opportunities for education and scope for vertical mobility available to the youth today. In his days, the teaching community was more paternalistic and, in a way, fully devoted to their calling. Today, the teaching profession is, perhaps, in need of incentives to excel. Back then, the choices for the educated youth were limited, but there was clarity on what was expected in public employment. Currently, there are vastly diversified opportunities for both education and employment, but, there is, perhaps, a greater chasm between the elite institutions and others. There is a far greater commercialization of education, and there are considerably enhanced opportunities for employment and self-employment in the private sector, relative to the public sector.

The book is, indeed, a retrospect of some of the happenings in the corridors of power in India. More importantly, however, it provokes thinking on what has happened since then and speculation on where public policy in India is potentially headed."

- Dr. Y V Reddy

Chairman, 14th Finance Commission
Former Governor, Reserve Bank Of India

₹ 175

ISBN 978-93-5135-151-1



9 789351 351511

“
...it is a touching,
enlightening and
candid account of
events and behind
the scenes
happenings in
public policy in
India over three
decades after
independence.
”