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Article Title: Is there a Political Cycle in Bureaucratic Transfers? Evidence from the Indian Administrative Service

Year of publication: 2007

Link to published version:

http://www2.warwick.ac.uk/fac/soc/economics/staff/faculty/mani/iyer_manicswep_submission1.pdf

Is There a Political Cycle in Bureaucrat Assignments? Evidence from the Indian Administrative Service*

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November 2007

Abstract

We use data on bureaucrat assignments from the Indian Administrative Service to examine whether there is a political cycle in bureaucrat assignments. We find a significant increase in bureaucrat transfers during election years. Detailed month-level data indicates that this is not primarily driven by the incumbents' desire to influence elections. We find that the increased bureaucratic turnover is much more likely to be caused by the actions of the incoming government after elections.

*Paper to be presented at the CSWEP sponsored session on "Political Economy in Developing Countries" (AEA Meetings, January 2008). We thank Maya Shivakumar for excellent research assistance. We are grateful to several officers of the Indian Administrative Service for sharing their experiences and insights with us.

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1 Introduction

A large literature on political budget cycles documents a systematic link between elections and patterns of government spending, which is especially strong in developing countries.¹ Politicians who face re-election pressures have an incentive to use fiscal and monetary tools to influence a somewhat myopic electorate immediately prior to elections. However, politicians can adopt other, less subtle means to influence elections outcomes: ballot-stuffing is not an uncommon occurrence in developing countries, and neither is election-related violence.² In fact, the strength of political budget cycles itself may be influenced by the presence of checks and balances against rigging elections by such means.³

A constitutionally intended check against such election-related pandering and other machinations by elected representatives is the institution of a bureaucracy, in which appointed agents face long term career concerns rather than periodic electoral pressures. In many countries, appointed bureaucrats are entrusted with the free and fair conduct of elections. They are also entrusted with the responsibility of implementing a wide range of government policies, with the degree of discretion varying widely across countries and tasks. Therefore, bureaucrats can be a strategic resource, both in the short-term (directly influencing the conduct of elections) and in the medium-term (influencing policy implementation, including that of any political budget cycles). Politicians thus have an incentive to appoint more “cooperative” bureaucrats (or conversely, to replace officers who might “make things difficult”) to certain positions around the time of elections, suggesting a plausible link between election timing and political interference in the bureaucracy.

We examine this link between the timing of elections and bureaucratic turnover using a unique data set on bureaucrat assignments in the Indian Administrative Service (henceforth

¹Shi & Svensson (2006) present cross-country evidence on political budget cycles, while Khemani (2004) documents it at the state level in India and Block (2002) documents it for Africa. Cole (2007) finds significant increases in lending by national banks in India prior to elections.

²Wilkinson(2004) documents ballot-stuffing and other forms of election related violence in India.

³Hyde and O’Mahony (2007) examine this possibility by comparing political budget cycles in the presence and absence of international election observers.

IAS). IAS officers are entrusted with a wide range of election-related responsibilities: ensuring accurate and complete electoral rolls, enforcing campaign laws, deploying poll monitors to observe elections, overseeing security arrangements to ensure the orderly conduct of elections, signing off on final election returns, and the regulation of ballot counting. The temptation for politicians to engage in pre-election transfers of “uncooperative” officers, leading to a political cycle in bureaucratic transfers, is considerable. In fact, concerns of this nature were sufficiently significant that in 1998, the Election Commission of India instituted a rule against pre-election transfers of all officers directly or indirectly involved in the conduct of elections.⁴ We go on to investigate whether the pattern of bureaucrat reassignments changed after this rule came into force.

We find that bureaucrats are significantly more likely to be reassigned during election years. However, further examination of the data indicates that the mechanism behind these transfers is different from the one behind the political budget cycles. Looking at the data month-by-month, we find that the increase in bureaucrat transfers occurs mainly in the months *after* elections, not before. The ban on pre-election transfers does result in lower transfers in the month prior to elections, but this result is not statistically robust. While we do not find any evidence that bureaucrats were being used as a strategic resource by politicians, it is nevertheless possible that reducing bureaucrat turnover prior to election might be beneficial to the orderly conduct of elections.

The rest of the paper is structured as follows: Section 2 describes our data and empirical strategy, Section 3 presents our results and Section 4 concludes.

2 Data and Empirical Specification

We conduct our analysis using data on bureaucrat assignments in the Indian Administrative Service. The IAS is the top layer of the bureaucratic system in India, and is relatively small in size: in 2005, there were less than 5000 officers administering a population of over

⁴Election Commission of India Order No. 434/1/98/PLN-III dated January 1, 1998.

1 billion. IAS officers are career civil servants; two-thirds of these officers are recruited through nationwide competitive examinations (“direct recruits”), and the rest by promotion from lower-level State Civil Services. After initial training, direct recruits are assigned to specific state cadres, where they typically spend most of their careers. IAS officers have strong constitutional protections against dismissal; in particular, they cannot be dismissed or demoted by state-level elected representatives. However, officers can be reassigned or transferred from one post to another. These transfers are almost always within the state, or sometimes between the state and central governments; transfers across states are extremely rare. Such transfer orders are signed by the Chief Secretary (the top bureaucrat) of the state, and decisions are usually made in consultation with elected representatives.

We have two data sets on bureaucrat assignments in India. The first contains detailed information on the career histories of all officers serving in the IAS as of October 2005.⁵ We focus our analysis on 4149 officers serving in 19 major states, which comprised 96% of India’s population in 2001.⁶ We have information on the start and end dates of every position held by these officers, as well as whether the position was in the central, state or district-level administration. Since it is district-level officers who are directly responsible for the actual conduct of elections, we also put together a district-level data set of District Officers over time. District Officers have overall responsibility for specific districts, overseeing law and order, elections and implementation of every major policy.⁷

For each officer and in each year, we construct a “transfer dummy” which assumes a value of 1 if he is recorded as starting a new post in that year, and zero otherwise. Multiple

⁵We obtained this data from the website of the Ministry of Personnel, Public Grievances and Pensions.

⁶We exclude the following political subdivisions: the state of Delhi, 7 smaller northeastern states with population less than 4 million each, 8 Union Territories which are governed by the central government, and the state of Jammu & Kashmir, which is governed under special constitutional provisions.

⁷The District Officers are variously known as District Collectors, District Magistrates and Deputy Commissioners. We constructed this data set as follows: first, we used the data on career histories from the first data set to identify District Officer positions. We then filled in the gaps in this data by collecting information from annual published volumes of the IAS Civil List from 1985 onwards.

transfers over the course of a year are coded as one.⁸ Over the period 1980-2004, the average probability of a transfer in a given year was 49%; bureaucrats spent an average of 16 months in any given position.⁹ We also constructed a similar transfer dummy for every month; the average probability of transfer in a given month was 4.9%. This high probability of being transferred has been a historical feature of the IAS. Our District Officer data set shows similarly high transfer probabilities, about 52% in a given year.

We obtained data on election timing from the website of the Election Commission of India. India is a parliamentary democracy at both the central and state government levels, with elections normally being conducted every five years. However, mid-term polls can also be held if the government falls with no alternative government being formed. The election calendar resets to a five-year one after any midterm poll. Differing incidence of midterm polls across states has now resulted in states' calendars being different from each other and from the national election calendar. Elections are typically announced two months ahead of time, and the official notification of elections is made one month before the election.

In 1998, the Election Commission announced a new Model Code of Conduct for political parties, candidates and incumbent representatives. Among other things, this Code of Conduct explicitly prohibited the use of state resources for electoral campaigning, the announcement of any new spending programs or infrastructure projects, as well as the transfer of officials. The ruling imposed “a total ban on the transfer of all officers/officials connected with the conduct of the elections” and also directed the state government to “refrain from making transfer of even those officers/officials who may be in any position to influence the voters through the position of the office they hold.”¹⁰ This ruling comes into effect the moment an election is announced i.e. two months ahead of elections.

We examine the presence of an electoral cycle in bureaucrat transfers by running regres-

⁸This estimate of annual probability of transfers thus underestimates the true frequency.

⁹This is in violation of the recommendations of the Ministry of Personnel and the Fifth Pay Commission, both of which specify a minimum tenure of three to five years in a given post. (Das 2001, Chapter 6).

¹⁰Election Commission of India (1999), “Compendium of Instructions on Conduct of Elections, Volume II,” pp12-13.

sions of the following form:

$$Transfer_{j,t} = a_j + b_t + \sum c_k Elections_{j,t+k} + e_{j,t} \quad (1)$$

where $Transfer_{j,t}$ is the average transfer probability in place j and time period t , a_j is a fixed effect for place j , b_t is a fixed effect for time period t , $Elections_{j,t+k}$ is a dummy variable with a value 1 if the time period t is k periods after an election in state j and $e_{j,t}$ is an error term. We run separate regressions for two types of “places:” states and districts. We also run regressions at two levels of time: t can be years or months. $k = 0$ for the year (or month) of election, $k = 1$ for one year (month) after election, $k = -1$ for one year (month) before elections and so on. Since transfers within the same state might be correlated over time, all our standard errors are clustered at the state level.

3 Do elections trigger bureaucrat transfers?

We first run equation (1) for all officers in the state and for annual transfers. We find that bureaucrat transfers are significantly higher in election years, compared to non-election years (Table 1, column 1). There are no significant increases in transfers in years prior to or after elections (column 2). These results are robust to controlling for the timing of national elections, as well as to instrumenting for election years using a dummy for the scheduled election year.¹¹ Column (3) presents results for district-level bureaucrat reassignments: we see that the election-year effect is stronger for this specific group of officers. Prima facie, this suggests that politicians might be using bureaucrats as strategic resources to influence elections.

Analysis of the data at the monthly level suggests, however, that the election-year increase in bureaucrat reassignments occurs *after* the elections, not before. Figure 1 graphs the coefficients c_k from monthly state-level regressions and shows four interesting facts. First,

¹¹Results available upon request. The scheduled election instrumental variable is constructed as described in Khemani (2004).

none of the pre-election coefficients are significantly different from zero. Second, there is a significant increase in the probability of bureaucrats being reassigned in the month after the election. Third, this post-election effect is much higher in the period after January 1998. Fourth, comparing Figure 1A and Figure 1B, we see no significant difference in the pre-election period as a result of the January 1998 reform prohibiting bureaucrat transfers.

The remaining columns of Table 1 show some of these results in a regression format. Column 4 presents the basic monthly regression, showing that there is no pre-election spike in bureaucrat transfers. Bureaucrat transfers in the month after the election are almost 55% larger than in non-election related months (an increase of 0.027 over a mean of 0.049); column (5) shows a similar result for the district level officers, where the coefficient is larger in magnitude. Columns (6) and (7) look at this pattern in the periods before and after January 1998, to gauge whether the Model Code of Conduct had an impact on bureaucrat reassignments. We find that there is no difference in the pattern observed in the two months before elections are held (consistent with Figure 1).

Overall, our results so far suggest that new governments, taking office after elections, are probably the ones responsible for reassigning bureaucrats. The last three columns of the table investigate this possibility in greater detail, using information on the outcome of the election. Column (8) shows that the post-election increase in bureaucrat transfers is mainly associated with elections which result in a change in the party in power. Column (9) shows that elections which result in a change in the Chief Minister also result in a significant increase in bureaucrat transfers. The Chief Minister (CM) is the head of the executive branch of government; in India's parliamentary system, he is usually the leader of the party which wins the largest number of seats in the election. A change in the party in power will thus automatically result in a change in the CM, but it is also possible for the same party to get reelected with a different leader and hence a new CM. Column (10) runs a "horse-race" between these two possibilities: we find that the post-election increases in bureaucrat transfers are associated with changes in the identity of the Chief Minister, rather than the identity of the party in power.

4 Conclusion

We examine the link between the timing of elections and bureaucratic turnover using a unique data set on officers from the Indian Administrative Service(IAS). We find a significant increase in bureaucrat transfers during election years. However, the mechanism underlying this link is not similar to those of political budget cycles, i.e. transfers are driven not by incumbents seeking to replace uncooperative bureaucrats before elections, but mainly by new governments assuming office after elections. We also examined the impact of a specific legal change prohibiting pre-election bureaucrat transfers, and find no significant impact of this ruling. This is consistent with the earlier finding that pre-election transfers of bureaucrats were not particularly widespread. Nevertheless, given that bureaucrats in India are transferred extremely frequently even in the absence of elections, such a rule might be beneficial for the smooth conduct of elections.

In related ongoing work (Iyer and Mani (2007)), we investigate the link between political changes and bureaucrat transfers in greater detail, focusing specifically on the types of bureaucrats and positions that are more susceptible to turnover. This enables us to shed light on the perceived costs and benefits of bureaucrat transfers to politicians, thus contributing to understanding the factors that influence the de facto division of power between politicians and bureaucrats in representative democracies.

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Table 1: State level Elections and Bureaucrat Transfers in the Indian Administrative Service, 1980-2004

						Pre-reform (before Jan 1998)	Post-reform (after Jan 1998)	Political party change	Chief Minister change	Party change & CM change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Time period -->	Annual	Annual	Annual	Monthly	Monthly	Monthly	Monthly	Annual	Annual	Annual
Place -->	State	State	District	State	District	State	State	State	State	State
Period of state election	0.030*	0.033**	0.135**	-0.000	-0.011	-0.004	0.007			
	(0.015)	(0.015)	(0.062)	(0.006)	(0.008)	(0.005)	(0.014)			
One period before election		0.005	0.003	-0.006*	-0.009	-0.003	-0.012*			
		(0.010)	(0.051)	(0.004)	(0.006)	(0.004)	(0.006)			
One period after election		0.005	-0.048	0.027***	0.032**	0.016***	0.048**			
		(0.007)	(0.046)	(0.008)	(0.015)	(0.005)	(0.017)			
Two periods before election						0.001	0.002			
						(0.003)	(0.008)			
Election results in a party change								0.040**		-0.041
								(0.018)		(0.039)
Election does not result in a party change								0.008		-0.035
								(0.017)		(0.025)
Election results in a Chief Minister change									0.042**	0.082**
									(0.017)	(0.038)
Election does not result in a Chief Minister change									-0.005	0.029
									(0.015)	(0.021)
Constant	0.515***	0.513***	0.502***	0.031***	0.027**	0.026***	0.028***	0.510***	0.511***	0.512***
	(0.022)	(0.021)	(0.044)	(0.007)	(0.011)	(0.006)	(0.007)	(0.021)	(0.021)	(0.021)
Place fixed effects	State	State	District	State	District	State	State	State	State	State
Time fixed effects	Year	Year	Year	Month	Month	Month	Month	Year	Year	Year
Observations	415	415	5893	4915	87235	3440	1456	415	415	415
R-squared	0.33	0.33	0.07	0.31	0.04	0.36	0.21	0.34	0.35	0.35

Robust standard errors in parentheses; * significant at 10%; ** significant at 5%; *** significant at 1%

Figure 1: Bureaucrat transfers in months before and after state elections

