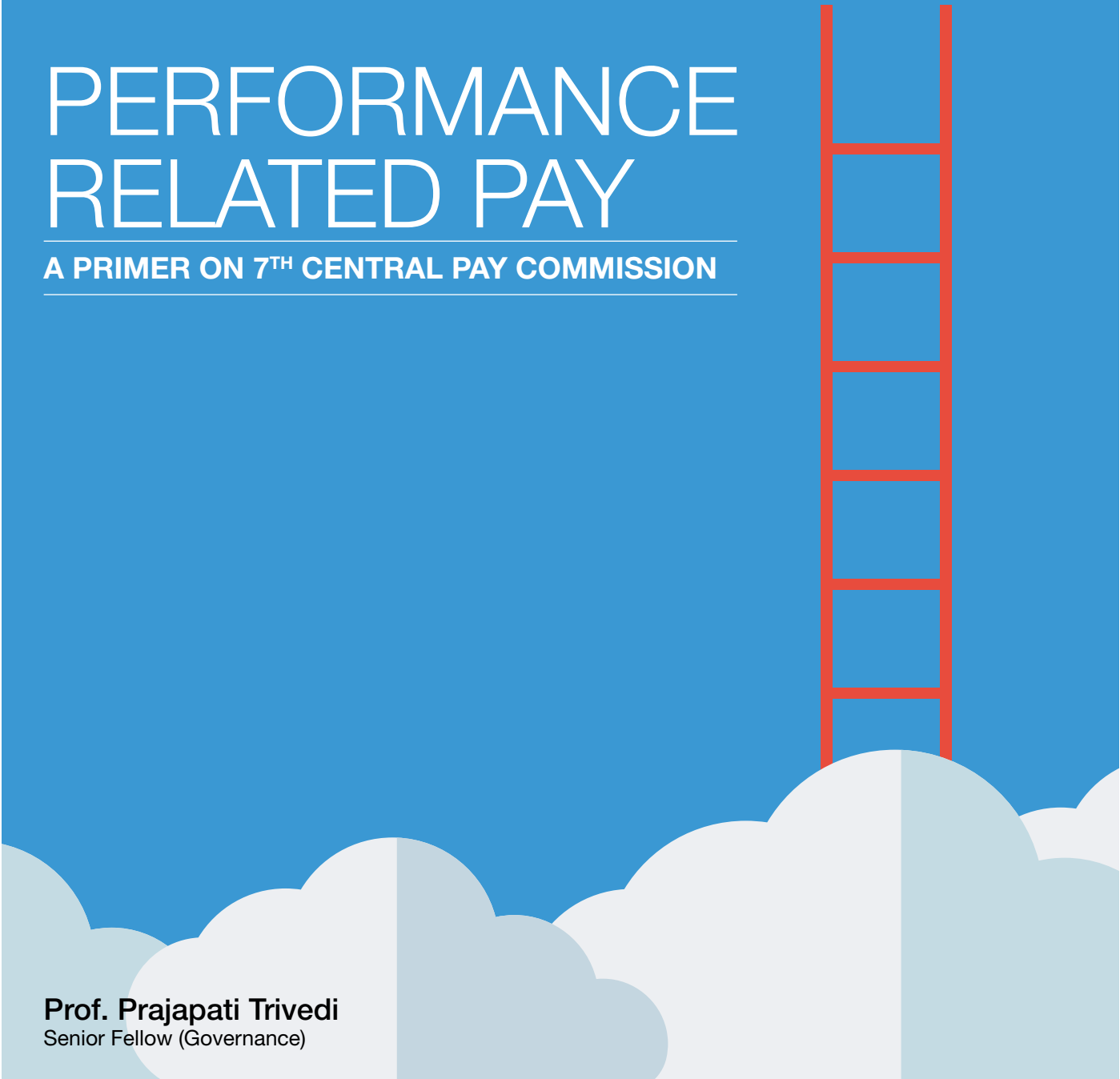




PERFORMANCE RELATED PAY

A PRIMER ON 7TH CENTRAL PAY COMMISSION



Prof. Prajapati Trivedi
Senior Fellow (Governance)

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Foreword

We are delighted to publish this Primer explaining the background and logic of the recommendations of the Seventh Central Pay Commission on Performance Related Pay. These recommendations represent a culmination of ideas that were first introduced by the Fourth Pay Commission in 1987. Successive Pay Commissions have contributed to the development of these ideas and, today, these ideas are in the forefront of public sector management globally.

This Primer fills a perceived void in the availability of information on the key building blocks for the Seventh Pay Commission's recommendations on Performance Related Pay (PRP). It brings together at one place all relevant information for making an informed decision about the merits of the Seventh Pay Commission's recommendations on PRP.

The three building blocks for the Seventh Pay Commission recommendations on PRP are: Results-Framework Document (RFD), Performance-Related Incentive Scheme (PRIS) and Annual Performance Appraisal Report (APAR). It is hard to fully appreciate the recommendations of the Seventh Pay Commission without a robust understanding of these three distinct though interrelated concepts. This Primer includes three separate sections giving details of these concepts. These sections are designed to be self-contained essays and can be read individually.

The author of this Primer, Prof. Prajapati Trivedi, Senior Fellow (Governance), Bharti Institute of Public Policy, ISB, had a distinct comparative advantage for preparing this Primer in a record time. He is a rare academician who was fortunate to play a lead role in all three areas mentioned above. As a Secretary to Government of India, from 2009-2014, he was based in the Cabinet Secretariat and was responsible for performance management in the whole of Government. In this position, he not only had the best ringside view on the development of these three building blocks but was actually inside the ring participating in their development.

We hope that this Primer will help raise the quality of the debate on the recommendations of the Seventh Pay Commission and also facilitate their eventual implementation.

Pradeep Singh
CEO, Mohali Campus & Deputy Dean
Indian School of Business

Introduction

In its report to the Government of India on November 19, 2015, the Seventh Central Pay Commission (7th CPC) has recommended “... *introduction of the Performance Related Pay for all categories of Central Government employees, based on quality RFDs, reformed APARs...*”

The 7th CPC goes on to say that the concept of Performance Related Pay has emerged over the past three Central Pay Commissions (CPCs). The 4th CPC recommended variable increments for rewarding better performance. The 5th CPC signaled its intent to establish a performance-linked pay component to the civil service pay structure. The 6th CPC went further to recommend a framework for Performance Related Incentive Scheme (PRIS).

There is no doubt that the 7th CPC has presented the most concrete set of recommendations to date on Performance Related Pay and made a very strong case for implementing them. However, to fully appreciate the recommendations of 7th CPC it is important to have knowledge about the following three concepts:

1. **RFD:** What is the nature of the policy of Results-Framework Document (RFD)? How is it an improvement over previous attempts such as the performance budget and outcome budget? Why has 7th CPC recommended it so strongly?
2. **PRIS:** What is the nature of Performance Related Incentive Scheme (PRIS) proposed by DOPT? What are the improvements to PRIS suggested by 7th CPC? What is the difference in this regard between the 6th CPC and the 7th CPC?
3. **APAR:** What is the current system of Annual Performance Appraisal Report (APAR) for senior civil service officers working for the Central Government? What are its shortcomings and what can be done to rectify them? Why and how the reform of APAR is closely related to RFD and PRIS?

A successful system of Performance Related Pay (PRP) requires effectively linking the three concepts mentioned above. To understand the nature of these links between the three concepts let us examine the three components of PRP a bit more closely:

1. **PERFORMANCE:** The first component of PRP reflects the need to define performance of a government organization. What does performance mean in the context of a Government Ministry/ Department? These organizations typically confront multiple principals with multiple objectives that are often conflicting. Which objective matters most and which matter least? What level of performance constitutes excellence and what level is unacceptable? These questions need to be answered to begin the process of implementing PRP. The 7th CPC recommends use of Results-Framework Document (RFDs) to define an organization's performance. It considered the five year experience with RFDs and came to the conclusions that these questions are adequately answered by RFD.
2. **RELATED:** The second component of PRP reflects the need to define the relationship between performance and pay. What should be the exact nature of this relationship? At the very least, it should be transparent, unambiguous and predictable. 7th CPC examined the concept of Performance Related Incentive Scheme (PRIS) developed by the Department of Personnel and Training (DOPT) and came to the conclusion that, with one change, it adequately reflects the modelling of this relationship.

3. **PAY:** The third component of the concept of PRP reflects the need to have a system to determine what an individual officer of the Central Government gets paid as a performance bonus. Unlike RFD which measures organizational performance, here the focus is on individual performance. It deals with issues such as what constitutes individual performance? How to link individual performance to organizational performance? In this context the 7th CPC examined the current system of Annual Performance Appraisal Report (APAR) and found it severely wanting. The Commission goes on to list the major deficiencies in current system of APAR at the Central Government level and points out areas for reform.

The seven page Chapter 15 of the 7th CPC is entitled, “*Bonus Schemes and Performance Related Pay*.” It is a cogently argued, logically connected and transformational in its recommendations. Yet, only the most advanced students of this field can fully understand, let alone appreciate, the deep thinking that has gone into writing this Chapter. For example, this seven page Chapter 15 of the 7th CPC Report mentions the term RFD 20 times, the term PRIS is mentioned 19 times and APAR 10 times. I believe that the recommendations of 7th CPC cannot be appreciated without adequate knowledge of these three terms: RFD, PRIS, and APAR. That then was the main motivation for putting together in one place all the relevant information and ideas to fully understand RFD, PRIS, and APAR. In turn, I hope, this background information will help readers make up their own minds about the merits of the recommendations of 7th CPC.

Chapter 15 of 7th CPC Report represents an evolution of thinking over a long period, perhaps too long. 7th CPC would not have been able to take the ball forward without the groundwork and experimentation done in Government over an extended period of time, cutting across political boundaries. As someone who was fortunate to have had the opportunity to work and contribute to all three areas (RFD, PRIS, APAR), I considered it my duty to share what I know so that a meaningful and fruitful debate on these recommendations may take place. Quite frankly, I fervently hope that we now go beyond debates and implement an idea that was first recommended by the 4th CPC in 1987 (and accepted by the then Government). Twenty eight years is long enough for this debate to conclude. Four CPCs have recommended this idea. Surely all cannot be wrong.

The material in this Primer is organized under four main parts. First part reproduces Chapter 15 of the 7th CPC. Second chapter summarizes the background, design, implementation strategy and impact of Results Framework Document (RFD) policy. Third section summarizes key design features of the Performance Related Incentive Scheme (PRIS) proposed by Department of Personnel and Training (DOPT) and referred extensively by 7th CPC. The fourth section includes a SWOT analysis of the current system of Annual Performance Appraisal Report (APAR) and an indicative way forward. This section elaborates some of the key points made by the 7th CPC.

In what follows I will now summarize the relevant high lights of the three initiatives- RFD, PRIS, and APAR. This will allow the readers to get the gist of these policies and make the details more interesting to read. Some may decide this executive summary is good enough for them to make up their minds about the recommendations of the 7th CPC regarding Performance related Pay (PRP).

RESULTS-FRAMEWORK DOCUMENT (RFD)

A Results-Framework Document (RFD) is essentially a record of understanding between a Minister representing the people's mandate, and the Secretary of a Department responsible for implementing this mandate. This document contains not only the agreed objectives, policies, programs and projects but also success indicators and targets to measure progress in implementing them. To ensure the successful implementation of agreed actions, RFD may also include necessary operational autonomy.

The RFD seeks to address three basic questions: (a) What are ministry's/department's main objectives for the year? (b) What actions are proposed by the department to achieve these objectives? (c) How would someone know at the end of the year the degree of progress made in implementing these actions? That is, what are the relevant success indicators and their targets which can be monitored?

The RFD should contain the following six sections:

- Section 1 Ministry's / department's Vision, Mission, Objectives and Functions.
- Section 2 *Inter se* priorities among key objectives, success indicators and targets.
- Section 3 Trend values of the success indicators.
- Section 4 Description and definition of success indicators and proposed measurement methodology.
- Section 5 Specific performance requirements from other departments that are critical for delivering agreed results.
- Section 6 Outcome / Impact of activities of department/ministry

The immediate origins of RFD can be traced to the 10th Report of the Second Administrative Reform Commission finalized in 2008. In Chapter 11, the Report goes on to say:

'Performance agreement is the most common accountability mechanism in most countries that have reformed their public administration systems. This has been done in many forms - from explicit contracts to less formal negotiated agreements to more generally applicable principles. At the core of such agreements are the objectives to be achieved, the resources provided to achieve them, the accountability and control measures, and the autonomy and flexibilities that the civil servants will be given'.

Systems prior to introduction of RFD suffered from several limitations. Government examined these limitations and designed RFD system to overcome these limitations. Some examples of these limitations follow:

- a. There was fragmentation of institutional responsibility for performance management

Departments are required to report to multiple principals who often have multiple objectives that are not always consistent with each other.

- b. Fragmented responsibility for implementation

Similarly, several important initiatives had fractured responsibilities for implementation and hence accountability for results is diluted.

c. Selective coverage with time lag in reporting

Some of the systems were selective in their coverage and reported on performance with a significant time-lag.

d. Most performance management systems are conceptually flawed

As mentioned earlier, an effective performance evaluation system is at the heart of an effective performance management system. Typically, performance evaluation systems in India suffered from two major conceptual flaws. First they listed a large number of targets that were not prioritized. Hence, at the end of the year it was difficult to ascertain performance. For example, simply claiming that 14 out of 20 targets were met is not enough. It is possible that the six targets that were not met were in the areas that are the most important areas of the department's core mandate. This is the logic for using weights in RFDs.

Similarly, most performance evaluation systems in the Government use single point targets rather than a scale. This is the second major conceptual flaw and it makes it difficult to judge deviations from the agreed target. For example, how are we to judge the performance of the department if the target for rural roads for a particular year is 15000 KMs and the achievement is 14500 KMs?

In the absence of explicit weights attached to each target and a specific scale of deviations, it was impossible to do a proper evaluation at the end of the year. This is the reason why a 5-point scale and weights were used for RFDs.

Thus the evaluation methodology embedded in RFDs is a significant improvement over the previous approaches. Once we are able to prioritise various success indicators based on government's prevailing priorities and agree on how to measure deviation from the target, it is easy to calculate the composite score at the end of the year as shown in the table below. Thus it created the missing bottom line in the government and a shared understanding of what performance means in the Government context. Without this bottom line it is difficult to link performance to pay. Hence the 7th CPC has strongly recommended using RFD to measure performance of Government departments.

Sample of Composite Scores for 2011-12

(Collected from the Annual Reports of the GOI Ministries)

S.No.	Department	-12
.	D/o Agriculture and cooperation	%
.	D/o Agricultural Research & Education	8%
.	M/o Housing and Urban Poverty Alleviation	5%
.	D/o Science & Technology	4%
.	M/o Corporate Affairs	0%
.	D/o AIDS Control	2%
.	M/o Mines	3%
.	M/o Culture	4%
.	D/o Electronics & Information Technology	9%

S.No.	Department	-12
0.	D/o Animal Husbandry, Dairying & Fisheries	7%
1.	D/o Administrative Reforms & Public Grievances	5%
2.	D/o Consumer Affairs	7%
3.	D/o AYUSH	5%
4.	D/o Fertilizers	5%
5.	M/o Civil Aviation	5%
6.	M/o Minority Affairs	4%
7.	D/o Telecommunication	9%

Where:

Departmental Rating	Composite Score
Excellent =	100% - 96%
Good =	95% - 86%
Fair =	85 - 76%
Marginal =	75% - 66%
Unsatisfactory =	65% and below

Source: Annual Reports of the GOI Ministries

The composite score shows the degree to which the government department in question was able to meet its objective. The methodology for calculating it is outlined in Part 2 of this primer in great details is transcendental in its application. Various departments will have diverse set of objectives and corresponding success indicators. Yet, at the end of the year every department will be able to compute its Composite Score for the past year. This Composite Score will reflect the degree to which the department was able to achieve the promised results.

PERFORMANCE RELATED INCENTIVE SCHEME (PRIS)

A Performance Related Incentive (PRI) is defined as the variable part of pay which is awarded each year (or on any other periodic basis) depending on performance. PRI schemes are applied at the individual employee level and at the team/group level. The definition of PRI excludes:

- Any automatic pay increases by, for example, grade promotion or service-based increments (not linked to performance);
- Various types of allowances which are attached to certain posts or certain working conditions (for example, over time allowances, allowances for working in particular geographical areas)

Any Performance Related Incentive Scheme has basically two parts. One part measures the performance of the entity (organization, team, or individual). The second part links the performance to financial incentives. The first part is based on the Composite Score of RFD reflecting the degree of achievement of agreed goals and objectives of the government organization. We have already discussed RFD in the previous section and hence I will now focus only on the second part here.

The DOPT scheme proposes that the total incentive paid to a Ministry/Department will be decided as per the following formula:

$$\text{Total Incentive payment} = [.15] \times \left\{ \left[\frac{\text{Composite Score} - 70}{30} \right] \times [C_0 - C_1] \right\}$$

$C_0 = \text{Budgeted Expenditure / Cost}$
 $C_1 = \text{Actual Expenditure / Cost}$

The Cost for this purpose is defined as all inflation adjusted non-plan (operational / overhead costs).

The proposed incentive scheme has the following implications:

- a. The maximum incentive payment can be only 15% of the cost savings over previous year. This will be given to the department only if they achieve a composite score of 100% (Excellent). Thus, to receive the maximum bonus, the department must not only reduce costs compared to budgeted amount but also achieve excellence in the delivery of services and other performance commitments.
- b. No incentive would be paid if the composite score is less than 70%. Thus cutting costs that affect quality and effectiveness of delivery of services would not be a viable strategy for departments.
- c. The amount of incentive calculated using this formula sets the upper limit for the distribution.

For the purpose of distribution of the incentive DOPT considered three categories of employees in Government departments:

- a. Head of the Department (Secretary)
- b. Head of the Division (Joint Secretary)
- c. Others

DOPT proposed that the Head of the Department (HOD) will get an incentive that is totally correlated with the performance of the department under her /his management in Phase 1 the HOD will get a maximum of 20 % if the Composite Score at the end of the year is 100%. There will be no payment if the value of the Composite Score is below 70%.

Value of the Composite Score	Incentive Payment (% of the Base Salary)		
	Phase 1	Phase 2	Phase 3
	1-3 years	4-6 years	6-9 years
100%	20%	30%	40%
90%	10%	15%	20%
80%	5%	10%	15%
70%	0%	0%	0%

The performance related incentive for heads of the divisions within a Ministry/Department will depend on two factors:

- a. 30 % on departmental performance as measured by the Composite Score for the departmental performance measurement system (i.e. RFD), and
- b. 70 % Individual performance as measured by the Composite Score for the Divisional Performance Measurement System.

The Weighted Composite Score will be calculated as follows:

$$\text{Weighted Composite Score} = \left[.30 \times \text{Departmental Composite Score} \right] + \left[.70 \text{ Divisional Composite Score} \right]$$

The distribution of incentive payments to heads of divisions would depend on a similar payment schedule as the heads of the department. The difference would be that the relevant composite score in the case of heads of divisions would be based on the weighted score of departmental and divisional performance. The table below summarizes the incentive payout for heads of divisions.

Incentive Payment for the Head of the Division

Value of the Weighted Composite Score	Incentive Payment (% of the Base Salary)		
	Phase 1	Phase 2	Phase 3
	1-3 years	4-6 years	6-9 years
100%	20%	30%	40%
90%	10%	15%	20%
80%	5%	10%	15%
70%	0%	0%	0%

Given the diversity of departments and their mandates, departmental and divisional heads will have the flexibility to devise appropriate performance related incentive keeping the following broad guidelines in mind:

- The weight of departmental composite score should be in the range of 5%-15%. The lower level employees should be closer to 5%.
- The maximum level of PRI should not exceed 40% of the basic salary.
- The performance related incentive scheme should be approved by the Head of the Department at the beginning of the year.
- Each division will have the flexibility to adopt a different PRI scheme.

The periodicity of payment of PRI should be linked to work process and the frequency of performance measurement and assessment.

For further details about the DOPT proposal, please see Section 3 of this Primer.

ANNUAL PERFORMANCE APPRAISAL REPORT (APAR)

Section 4 of this Primer reviews the current system of Performance Appraisal Report (PAR) as laid down in the All India Service (PAR) Rules, 2007, and suggest ways to improve the system.

This review was prompted by the widespread dissatisfaction with the working of the PAR system at all levels. There is a perception that the attempts to quantify and bring objectivity have not been successful. Most officers expect to get a perfect score of 10 and usually get it. Thus,

creating a situation where every individual officer is rated excellent yet the performance of the department as a whole is not considered anywhere close to being excellent.

Even though the current PAR system is now eight years old, according to the CPC it is clear that it is also not achieving its stated goals. The “General Guidelines for Filling up the Form” state:

“Performance appraisal should be used as a tool for career planning and training, rather than a mere judgmental exercise. Reporting Authorities should realize that the objective is to develop an officer so that he/she realizes his/her true potential. It is not meant to be a faultfinding process but a developmental tool.”

Contrary to expectations, the primary purpose of the PAR exercise seems to have become an instrument to judge officers. It is not seen to be playing any role in the development or training of officers.

The ineffectiveness of the current PAR system is a result of certain fundamental flaws in its conceptual design. It is further compounded by problems of implementation. This section will discuss these issues in greater details.

Conceptual Flaws

The performance evaluation methodology embedded in PAR system has the following major flaws:

a. Lack of prioritization

The list of tasks to be performed in Section II of the PAR(Self Appraisal) is a simple listing of tasks. As a result it is impossible to evaluate performance of an officer objectively at the end of the year.

b. Poor Definitions of Standard Terms

In Section II of the PAR, officers are required to list “deliverables.” The term is not clearly defined and could mean a “success indicator” or “target.”

c. No Ex-Ante Agreement on Deviations from the Targets

The implied definition of “deliverables” is closer to the concept of “targets.” If we take the deliverables to mean “targets” the current system once again fails to provide an objective evaluation at the end of the year.

d. Deceptive Facade of Quantification

The current PAR system is a highly subjective system which has a deceptive facade of quantification.

e. No Ex-Ante Agreement on Definition

Section III of the PAR, Assessment of work output (item # 5), also requires Reporting Officer and Reviewing Officers to give a score on a scale of 1 – 10 to Quality of Output. How is the quality of output to be judged? In the absence of an ex-ante agreement on the definition, the entire exercise is likely to be highly subjective.

f. Emphasis on Personality rather than Results

The current PAR system assigns 60% weight on Personal Attributes” and “Functional Competencies” and only 40% weight to work output. This lopsided emphasis on highly subjective aspects of an officer’s personality implies that it is possible for an officer to be weak in delivering results and yet get a high score.

g. Lack of Linkage between Individual and Organizational Performance

The current PAR system is exclusively focused on individual’s performance and not organizational performance. That explains the fallacy of composition mentioned above—individuals are excellent performers but the organization remains a poor performer.

Procedural Flaws

Even if there were no procedural flaws, the current PAR system would not work because it is both congenitally and conceptually flawed. That is, it does not even work in theory and hence there is a remote possibility of it working in practice. Unfortunately, the theoretical flaws become insignificant in view of the implementation issues outlined below.

a. PARs are filled in Ex-Post

In many, if not most, cases the tasks and deliverables are filled up after the fact. This allows a convenient way to write only what has been achieved and ignore what could not be achieved. This pretty much guarantees a perfect score of 10.

b. Lack of Proper Training

Performance appraisal is a science. Like any other discipline it too requires certain amount of training and capacity building. Large professional organizations (in public and private sectors) put in considerable effort in training their staff to manage performance appraisals.

c. Lack of discipline in adhering to deadlines

There are presently no consequences for not meeting the prescribed deadlines. This has improved recently for the All India Services officers but for other Central Government employees the situation remains dismal. This is true for all levels—reporting officer, reviewing authority, and accepting authority. In view of these conceptual and procedural flaws it is not surprising that the PAR system is regarded as dysfunctional. The next section deals with

Section 4 goes on to outline a series of reforms that are required to make the APAR system truly effective and meaningful. This discussion is divided into two parts, The first part outlines certain principles that are essential in re-inventing the current system. The second part outlines the changes required.

The general principles for reforming APAR system include the following:

a. Comprehensive Action

It is important to make comprehensive changes. Just making changes to a sub-system in a large dysfunctional system may be similar to rearranging chairs on the Titanic.

b. Methodological Consistency

There should be methodological consistency among various elements of the Government’s Performance Management System. Thus, at a minimum, we must ensure methodological consistency between APAR, Results-Framework Document (RFD), and the Performance Related Incentive Scheme (PRIS).

Concluding Comments

The above summary of the building blocks is good enough to understand the main thrust of the Performance Related Pay (PRP) design. For more details on the individual building blocks, please read the relevant sections that follow. As mentioned earlier, these Sections are designed to be stand lone essays. Hence, some amount of overlap is inevitable and, perhaps, even desirable. The overlapping material highlights the interconnectedness of these building blocks.

PART 1

BONUS SCHEMES AND PERFORMANCE RELATED PAY

Following is a reproduction of Chapter 15 of the Report of the Seventh Central Pay Commission submitted to Government of India on November 19, 2015

Bonus Schemes and Performance Related Pay

a. Terms of Reference

15.1 The Terms of Reference (ToR) of the Commission mandate that it examines the existing schemes for payment of bonus and their impact on performance and productivity. The Commission is also expected to provide recommendations on the general principles, financial parameters and conditions for an appropriate incentive scheme to reward excellence in productivity, performance and integrity.

b. Earlier Efforts

15.2 The concept of Performance Related Pay has emerged over the past three Central Pay Commissions (CPCs). The IV CPC recommended variable increments for rewarding better performance. The V CPC signalled its intent to establish a performance-linked pay component to the civil service pay structure. The VI CPC went further to recommend a framework for Performance Related Incentive Scheme.

15.3 The Second Administrative Reforms Commission (2ARC), while suggesting that performance appraisal system is a prerequisite for an effective governance system, recommended development of a strong job specific employee appraisal system, and annual performance agreements.

c. Details of the VI CPC Recommendations

15.4 The VI CPC provided the broad contours of a Performance Related Incentive Scheme (PRIS). Department of Personnel and Training (DoPT), as the nodal body, proposed a variable pay component to be awarded annually based on performance. The incentives as proposed were to be available both at the individual level as well at the team/group levels. The key elements of the PRIS guidelines, arising from the VI CPC, were:

- **Coverage:** The Scheme proposed to cover employees in those departments that fulfilled the following eligibility criteria:
 - Had consistently prepared a Results Framework Document (RFD) for two preceding years, and, had received a rating of 70 percent or higher in delivering the goals set in the RFD;
 - Achieved 'efforted' cost savings from the budgeted non-plan expenditure;
 - Implemented bio-metric access control system in its offices to ensure punctuality and attendance of officials;
 - Developed a Divisional Performance Measurement System, i.e., Divisional RFDs for evaluating the performance of individual divisions;

- Designed incentive scheme for categories of employees below the level of Joint Secretaries.
- **Delegation:** It granted flexibility to departments to design incentive schemes for employees below the level of the Joint Secretary.
- **Financing the Scheme:** The performance awards were required to be revenue neutral and had to be funded out of savings generated by the individual departments. The quantum of performance award was linked to the savings achieved by the department.
- **Voluntary:** The PRIS scheme was voluntary for ministries and departments as it was expected that its implementation might be easier for some departments which had clear, quantifiable targets.

d. Limitations of PRIS Guidelines

15.5 During the consultations for operationalizing PRIS, several issues arose, which included the funding of the incentive, the difficulty in implementing the Scheme as also administrative and implementation challenges.

- **Financing of the Scheme Considered not Feasible:** The Scheme was meant to be budget neutral and was to be funded through savings by the departments. However, it was difficult to define ‘efforted’ savings. It was pointed out that the size and budget of departments would differ significantly, making the implementation of the scheme easier for some departments compared to others. The fear/ apprehension of inflating the budget so as to effect greater savings, was also very real.
- **No Estimate of the Financial Implication:** It was pointed out that there was no estimate of the financial implications. The guidelines proposed that 15 percent of the projected non plan savings could be utilised for incentives. But whether this would be adequate for providing these incentives across the departments remained uncertain.
- **Problems of High Achievers in an Ineligible Division:** The introduction of PRIS in some divisions within a department could potentially exclude high performing individuals from an ineligible division, leading to their demoralization and demotivation.
- **Consultation with Stakeholders was Considered Important:** The system of Performance Linked Bonus (PLB) and Ad hoc Bonus have been prevalent in the Central Government for a fairly long time. Therefore, for the replacement of the existing bonus schemes with any other incentive scheme, prior consultation with the stakeholders was considered essential.

15.6 The Commission notes that while the PRIS emerging out of the VI CPC recommendation was comprehensive, there were a number of factors which resulted in a very limited uptake of the scheme. In the first place, the Scheme was voluntary. It was not binding on the departments. Secondly, the Scheme was dependent on savings generated by the departments. This was seen as a fundamental flaw of the proposed framework by a number of departments. Thirdly, without a credible performance measurement methodology, the scheme was difficult to operationalize. Finally, the RFD which had just been introduced in the Central Government was yet to take roots. It could, therefore, not be used as an anchor for the Scheme. For these

and a number of other reasons, PRIS was not operationalized by the departments. It was implemented in a modified way in the Department of Atomic Energy and Department of Space.

e. PRIS in Department of Atomic Energy and Department of Space

15.7 The Commission notes that as a pilot measure, the government approved the implementation of the PRIS in the Department of Atomic Energy (DAE) and Department of Space (DoS). While the general scheme of PRIS, as recommended by VI CPC, proposed that the performance awards be financed from budgetary savings of the concerned department, PRIS as implemented in Atomic Energy and Space is independent of budgetary savings. Payable as a cash incentive, PRIS in these two departments is non-additive and non-cumulative. Details of the scheme implemented in these two departments have been reflected in Chapter 11.2 of the CPC.

f. Bonus Schemes in the Central Government

15.8 Apart from DAE/DoS, there are bonus payments to Group 'B' (non-gazetted) and Group 'C' Central Government employees. The bulk of these employees are covered under the Productivity Linked Bonus (PLB) Scheme, which is implemented in Railways, Posts and Telecommunications, production units under the Ministry of Defence and other establishments.

15.9 The functioning of the PLB Scheme was reviewed in 1982-83 by a Group of officers. The Group of officers also considered the demands for grant of bonus made by those Central Government employees who were not covered by the PLB Scheme. The Group suggested evolution of a productivity linked bonus scheme for Central Government employees as a whole. Based on the recommendations of the Group, and pending evolution of a single scheme of bonus for employees, an Adhoc Bonus Scheme was evolved and the remaining employees, who were not covered by the PLB Scheme, were allowed ex-gratia payment. The Commission notes that the financial outgo on these two bonus schemes stood at ₹1847.08 crore for the year 2013-14.

15.10 These Bonus schemes have no clear, quantifiable targets and performance evaluation of any individual, therefore, is not possible in an objective fashion. The Commission notes that Ministry of Finance has been insisting on revision of the PLB Scheme. It has been suggested, inter-alia, that the PLB scheme should be on the basis of an input-output ratio, should be based on productivity and profitability and that productivity should be assessed on financial parameters based on profitability of the organisation.

15.11 The VI CPC too had recommended that all departments should ultimately replace the existing PLB Schemes with PRIS. The VI CPC further opined that in places where PLB is applicable and it is not found feasible to implement PRIS immediately, the existing PLB schemes may be continued in a modified manner where the formula for computing the bonus has a direct nexus with the increased profitability/productivity under well-defined financial

parameters.

15.12 The Commission notes that since PRIS could not be implemented, it could not supplant the existing system of Performance Linked and Adhoc Bonus Schemes.

g. Analysis

15.13 Pay flexibility reforms are not a silver bullet, and involve trade-offs and risks. A study of the literature on the subject reveals that employee motivation and performance are not exclusively linked to Performance Related Pay (PRP) which may only enforce temporary compliance.

15.14 The Commission notes that it may be relatively easier to implement PRP in private sector organizations which are, generally speaking, guided by profit motives. Targets, thus, are often based on quantitative criteria making the assessment of performances easier. In the governmental context, on the other hand, the targets are more in the nature of social and public goods. These may not necessarily be tangible and discernible within a stipulated period. Proportioning credit for such a larger public good amongst various departments may not be possible so as to reward some and leave out others. There may be genuine difficulties in separating individuals from the collective, in terms of contribution made towards achieving results. The problem of PRP degenerating into routine entitlements also needs to be reckoned with.

15.15 Despite the potential difficulties with PRP, recognition for good effort and achievement through an incentive can, over time, energize the bureaucratic culture of the civil service into one that is focused on meeting citizens' and the government's expectations for speedy and efficient delivery of services.

h. International Experience

15.16 Countries that have made considerable progress on PRIS have managed these risks in a variety of ways. The successful ones have tried to develop objective criteria for results; several have improved the appraisal system and framework as a prior step. A few have linked PRP with a results based management system (similar to the RFD system in India). Some countries follow a differentiated approach where an extensive and sophisticated framework is applied for senior civil service levels, while a simple results based approach is applied at the lower levels.

15.17 Many OECD and non- OECD countries have introduced PRP for their civil service. There is significant diversity in the design, coverage and implementation of their PRP schemes across countries. OECD countries such as UK, Australia, Canada, and Netherlands have considerable experience in operating PRP across their civil service, with a more nuanced one for senior civil servants. Korea, Chile, Malaysia and Philippines have implemented PRP in their civil services and have considerable experience in using this as a tool for boosting

performance and accountability. Evidence from these countries indicates that pay flexibility contributes to management improvements, promotes an atmosphere of dialogue, rewards teamwork and is helpful in efficient task allocation. In Brazil and Indonesia, PRP has contributed to reducing staff absenteeism. They have also provided managers with the tools with which to redress and discipline poor performers.

i. Guiding principles

15.18 Any attempt to implement PRP in a governmental framework has to be preceded by proper understanding of the system, adequate planning and capacity building at various levels. The Commission feels that given the enormous size of the government and the wide diversity in the basic structures, sizes and patterns that are observed across ministries/departments/ Divisions, it would be erroneous to recommend a one-size-fits-all model for PRP. The Commission is of the view that prescribing any particular model for PRP may not be sustainable. Ministries and departments should be given enough flexibility to design individual models suiting to their requirements.

15.19 The Commission would prescribe some broad guidelines:

- a. **Simple Design:** Performance Related Pay system must be simple, transparent and easy to implement.
- b. **Smart and Effective:** Performance Related Pay must be smart and should be effective in rewarding excellence and in managing poor performers in a targeted manner.
- c. **Consistent Across Departments:** PRP framework should be consistent across departments with enough autonomy to design context specific criteria, targets and indicators.
- d. **Non-additive Cash Increment:** The award for high performers may be a non-additive cash component of their current pay, given at the end of the financial year as one time incentive for the particular period.
- e. **No Linkage with Saving:** The monetary incentive should not be linked to savings.
- f. **Training:** Proper training and capacity building of the stakeholders is a must before launching PRP.

15.20 In addition to the guidelines suggested above, the Commission notes that introduction of Performance Related Pay should be done keeping in mind two important aspects. **First**, need to evolve proper criteria to measure performance along with setting a context where individual and organizational goals are clearly aligned, and **Second**, need to devise a performance appraisal system in which the objectives of the appraisal system match with that of the reward system.

15.21 The Commission opines that the Results Framework Document (RFD) can be used as the primary assessment tool for linking the targets of the organization with that of the individuals. Suitable changes in the existing Annual Performance Appraisal Report (APAR) can provide the necessary linkage between the targets of the appraisal system with those of the RFD document.

j. **RFD: the Primary Assessment Tool**

15.22 The 2nd ARC had recommended that annual performance agreements should be signed between the Departmental Minister and the Secretary of that Ministry/Head of department, providing physical and verifiable details of the work to be done during the financial year. The government accepted this recommendation in 2009 and put in the place the system of Results-Framework Documents (RFD) - consisting of a vision, mission, objectives, functions, inter se priorities among key objectives, success indicators and targets of a ministry/department - for evaluating and monitoring departmental performance. RFDs are being used as the primary assessment tool to measure performance of departments.

15.23 The Commission notes that the PRIS Guidelines based on VI CPC recommendations also based the performance measurement methodology on the RFD system. However, at that time, the RFD system was still being put in place and many departments were still adopting this system. The RFD system has taken firm roots now and has emerged as a powerful tool for evaluation of actual achievements of a department against annual targets. The Commission notes that presently 72 Central Government ministries/departments and 800 responsibility centers are implementing RFDs. This Commission is of the view that the RFD system can be harnessed as an anchor for PRP. It can provide the platform through which organizational and individual targets can be clearly aligned.

15.24 The financial rewards should be linked with the performance rating under the RFD, to be undertaken by independent experts, as is done under the MoU system for central public sector enterprises.

k. **Linking RFD with APAR**

15.25 The Commission observes that it is essential to have a linkage between Departmental RFD and APAR. The APAR methodology should be consistent with that for Performance pay. The Commission, however, notes that the performance evaluation methodology embedded in APAR system has some limitations. Some of the prominent limitations are:

- Lack of Linkage between Individual and Organizational Performance.
- Lack of prioritization: the activities in the APAR are not ranked on the basis of their importance.
- No ex-ante agreement on the targets.
- APAR is highly subjective.
- Emphasis on personality rather than results.

15.26 The Commission suggests the following modifications in the existing APAR system so that it can be used as another anchor for determining Performance Related Pay:

- A. ***Alignment of Objectives:*** At present, the linkage between individual and organizational performance is not clearly aligned in the APAR. The current APAR focuses more on the individual's performance compared to organizational performance. This results in

a situation where individual officer can be rated excellent while the rating of the department could be lower. This is an anomaly which needs to be corrected. Conceptually, the Ministry's Vision/Mission needs to be translated into a set of strategic objectives for each department and these objectives need to be cascaded by the Department Head to his subordinates and subsequently down the chain.

- B. ***Prioritizing Objectives, Assigning Success Indicators and their Weights:*** Objectives reflected in the APAR should be prioritized and assigned weights along with success indicators or Key Performance Indicators (KPIs). This is required for evaluation of the

KPIs in the end. The current PAR system assigns 60 percent weight on personal attributes and functional competencies and only 40 percent weight to work output. It would be useful to devise the performance framework in such a way that it captures all the KPIs in a holistic manner: on work output, effectiveness of process adherence, management of tasks, other competencies—behavioral/leadership/functional. **The Commission recommends 60 percent weight on work output and 40 percent weight on personal attributes.**

- C. ***No Ex-ante Agreement:*** The indicators in the APAR of an officer/staff will need to be discussed and set with the supervisor at the beginning of the year. This will set the agenda for performance assessment on scientific lines, obviate the possibility of gaming during target setting exercise and facilitate midcourse correction, in case of requirement, in a transparent manner.
- D. ***Timelines:*** The Commission notes that timelines have been prescribed for drafting, reviewing and finalizing RFDs. The Commission recommends that these timelines may be synchronized with the preparation of the APAR so that the targets set under RFD get reflected in individual APARs in a seamless manner.
- E. ***Online APAR System:*** The Commission notes that 'Smart Performance Appraisal Report Recording Online Window' has been introduced for IAS Officers. Such a system ensures adherence to the prescribed timelines in filling up the APARs. The Commission recommends introduction of such online APARs systems for all Central Government officers/employees.

1. Conclusion

15.27 The Commission feels that any Performance Related Pay (PRP) for Central Government employees should provide a credible framework to drive performance across ministries/departments. Rather than a new system design, the favoured approach should be an incremental adaptation which can operate within the existing framework of rules with minor changes that can enable smooth implementation and operationalization of PRP.

15.28 In this backdrop, the Commission recommends introduction of the Performance Related Pay for all categories of Central Government employees, based on quality RFDs, reformed APARs and broad Guidelines, as enumerated above.

15.29 The Commission also recommends that the PRP should subsume the existing Bonus schemes. The Commission notes that there could be a time lag in implementing the

Performance Related Pay by different departments. Till such time, the existing Bonus Schemes should be reviewed and linked with increased profitability/productivity under well-defined financial parameters

PART 2

RESULTS-FRAMEWORK DOCUMENT (RFD)

Following is a description of the RFD System referred extensively in the Chapter 15 of the Report of the 7th Central Pay Commission

Results-Framework Document (RFD: A Performance Monitoring and Evaluation System (PMES) for Government Departments

1. Introduction

To improve performance of any organization we need a multidimensional effort. Experts believe that the following three systems are necessary for improving performance of any organization: (a) Performance Information System, (b) Performance Evaluation System, and (c) Performance Incentive System.

A performance information system ensures that appropriate information, in a useful format, is available in a timely manner to stakeholders. *A performance evaluation system* is meant to convert, distill and arrange this information in a format that allows stakeholders to assess the true effectiveness of the organization. Finally, no matter how sophisticated the information system and how accurate the evaluation system, performance of any organization can improve in a sustainable manner only if it has a *performance incentive system*. A performance incentive system links the performance of the organization to the welfare of its employees. This allows the employees to achieve organization objectives in their own self-interest.

These three sub-systems are as relevant for public sector as they are for the private sector. Within public sector, these systems are equally important for government departments and state-owned enterprises or public enterprises. While the focus of this paper is on the performance management of government departments, occasional references and comparisons will be made to public enterprise sector as well.

While a truly effective Government Performance Management (GPM) system must include all three subsystems, more often than not, most countries tend to focus on only one or two of the subsystems mentioned above. Even, when countries take actions covering all three sub-systems, often these sub-systems are not adequately dealt with or organically connected to each other for yielding desired results.

This was also the case in India till September 2009. There were a plethora of actions and policies in all three areas but they remained sporadic and fragmented efforts. In the area of performance information the following initiatives come to mind immediately: the enactment of the Right to Information (RTI), publication of annual reports by departments, *suo moto* disclosure on departmental websites, creation of an independent Statistical Commission to bolster an already robust statistical tradition, reports of the Planning Commission, certified accounts of government departments by Controller General of Accounts, audit reports by Comptroller and Auditor General, free media and its reports on departments, outcome budgets and, finally, reports of the departmental standing committees of the Indian Parliament. One could say that there was overwhelming amount of information available on

government departments. Similarly, all the above sources of information provide multiple, though often conflicting, narrative on performance evaluation of government departments.

Similarly, a proposal for a performance incentive for Central Government employees has been around ever since the Fourth Pay Commission recommended introducing a performance related incentive scheme (PRIS) for Central Government employees and was accepted by the Government of India in 1987. This recommendation for PRIS was once again re-iterated by the Fifth and Sixth Pay Commissions and, both times, accepted by the then Governments in power. As of 2009, however, very little was done to implement a performance-related incentive scheme in the Central Government.

At the end of 2008, two major reports provided the impetus for action on this front. The 10th Report of the Second Administrative Reform Commission (2nd ARC) argued for introduction of a Performance Management System in general and Performance Agreements in particular. The 6th Pay Commission, as mentioned earlier, submitted its report in 2008 urging for introduction of a Performance Related Incentive Scheme (PRIS).

After the election in 2009, the new Government decided to take action on both reports. Through the President's Address to the Parliament in June 2009, the new Government made a commitment to: "Establish mechanisms for performance monitoring and performance evaluation in government on a regular basis."

Pursuant to the above commitment made in the President's address to both Houses of the Parliament on June 4, 2009, the Prime Minister approved the outline of the *Performance Monitoring and Evaluation System (PMES)* for Government Departments on September 11, 2009. With the introduction of PMES, a concerted effort was made to refine and bring together the three subsystems. Before elaborating the details of PMES in the subsequent sections, it is worth outlining the key features of the System. The essence of PMES is as follows.

According to PMES, at the beginning of each financial year, with the approval of the Minister concerned, each department is required to prepare a Results-Framework Document (RFD). The RFD includes the priorities set out by the ministry concerned, agenda as spelt out in the manifesto, if any, President's Address, and announcements/agenda as spelt out by the Government from time to time. The Minister in-charge is expected to decide the *inter-se* priority among the departmental objectives.

After six months, the achievements of each ministry / department are reviewed by the High Power Committee on Government Performance, chaired by the Cabinet Secretary, and the goals reset, taking into account the priorities of the Government at that point of time. This enables the Government to factor in unforeseen circumstances such as drought conditions, natural calamities or epidemics.

At the end of the year, all Ministries/Departments review and prepare a report listing the achievements of their Ministry/Department against the agreed results in the prescribed formats. This report is finalized by the 1st of May each year and submitted for approval by the High Power Committee, before forwarding the results to the Prime Minister.

2. Origin of Performance Monitoring and Evaluation System (PMES)

The immediate origins of PMES can be traced to the 10th Report of the Second Administrative Reform Commission finalized in 2008. In Chapter 11 (see Box 1), the Report goes on to say:

“Performance agreement is the most common accountability mechanism in most countries that have reformed their public administration systems. This has been done in many forms - from explicit contracts to less formal negotiated agreements to more generally applicable principles. At the core of such agreements are the objectives to be achieved, the resources provided to achieve them, the accountability and control measures, and the autonomy and flexibilities that the civil servants will be given.”

The Prime Minister’s order of September 11, 2009, mandating PMES was based on this basic recommendation. However, the Government of India preferred to use the word Results-Framework Document (RFD) rather than Performance Agreement, which is the commonly used generic term for such policy instruments. Indeed, RFD is the centerpiece of PMES.

Box 1

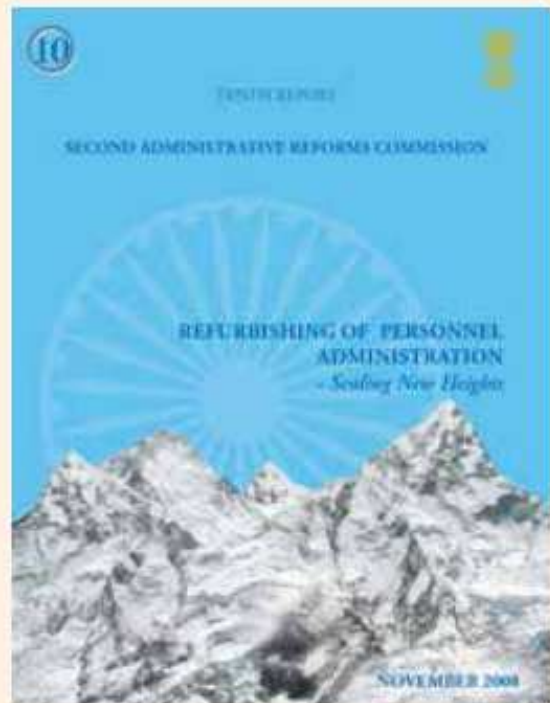
Excerpts from the 10th Report of
Second Administrative Reforms Commission
(Chapter 11 on Performance Management)
November 2008

11.14 Performance Agreements

11.14.1 Performance agreement is the most common accountability mechanism in most countries that have reformed their public administration systems. This has been done in many forms - from explicit contracts to less formal negotiated agreements to more generally applicable principles. At the core of such agreements are the objectives to be achieved, the resources provided to achieve them, the accountability and control measures, and the autonomy and flexibilities that the civil servants will be given.

11.14.2 In New Zealand, for example, the Public Finance Act of 1989 provided for a performance agreement to be signed between the chief executive and the concerned minister every year. The performance agreement describes the key result areas that require the personal attention of the chief executive. The expected results are expressed in verifiable terms, and include output-related tasks. The chief executive's performance is assessed every year with reference to the performance agreement. The system provides for bonuses to be earned for

good performance and removal for poor performance. The assessment is done by a third party - the State Services Commission. Due consideration is given to the views of the departmental Minister. A written performance appraisal is prepared. The chief executive concerned is given an opportunity to comment, and his/her comments form part of the appraisal.



11.14.3 The Centres de Responsabilite in France is another example. Since 1990, many State services at both central and devolved levels have been established as Responsibility Centres in France. A contract with their Ministry gives the Directors greater management flexibility in operational matters in exchange for a commitment to achieve agreed objectives. It also stipulates a method for evaluating results. Contracts, negotiated case by case, are for three years.

11.14.4 Reforms in these countries are instructive in the way accountabilities were clarified as a necessary first step. The important part of this clarifying process was that it was done by law. As a result of legal clarification of accountabilities, the civil servant in charge of a department became directly accountable to the departmental Minister through the annual performance agreement that was defined in advance and used as a benchmark for measuring end-of-the-period performance. In India, a provision in the proposed Public Services Law could be incorporated specifying that the heads of the line departments or of the executive agencies whenever they are set up, should sign annual performance agreements with the departmental Minister.

11.14.5 The performance agreements should be signed between the departmental Minister and the Secretary of the Ministry as also between the departmental Minister and heads of Department, well before the financial year. The annual performance agreement should provide physical and verifiable details of the work to be done by the Secretary/ Head of the Department during the financial year. The performance of the Secretary/Head of the Department should be assessed by a third party – say, the Central Public Services Authority with reference to the annual performance agreement. The details of the annual performance agreements and the results of the assessment by the third party should be provided to the legislature as a part of the Performance Budget/ Outcome Budget.

This recommendation of the Second Administrative Reforms Commission (2nd ARC) was, in turn, building on the recommendation of the L. K. Jha Commission on Economic Administration Reforms (1982). The LK Jha Commission had recommended the concept of Action Plans for government departments. The Government of India accepted this recommendation and implemented it for a few years. Action Plans were found to be ineffective as they suffered from two fatal flaws. The actions listed were not prioritized and there was no agreement on how to measure deviations from targets. As this chapter will later unfold, the Performance Monitoring and Evaluation System (PMES) overcame these flaws in the Results-Framework Documents (RFDs) that replaced the instrument of Action Plans.

The real inspiration for the recommendations of the 2nd ARC regarding Performance Agreements comes from the 1984 report of Arjun Sengupta for Public Enterprises which recommended Memorandum of Understanding (MOU) for public enterprises. In concept and design, MOU and RFD are mirror image of each other, as be will be discussed shortly.

3. Attributes of the Performance Monitoring and Evaluation System (PMES)

This is a system to both “evaluate” and “monitor” the performance of Government departments. Evaluation involves comparing the actual achievements of a department against the annual targets at the end of the year. In doing so, an evaluation exercise judges the ability of the department to deliver results on a scale ranging from excellent to poor. Monitoring involves keeping a tab on the progress made by departments towards achieving their annual targets during the year. So while the focus of ‘evaluation’ is on achieving the ultimate ‘ends,’ the focus of ‘monitoring’ is on ‘means.’ They are complements to each other and not substitute.

To be even more accurate, PMES is not merely a ‘performance evaluation’ exercise rather it is a ‘performance management exercise.’ The former becomes the latter when accountability is assigned to a person for the results of the entity managed by that person. In the absence of consequences, an evaluation exercise remains an academic exercise. This explains why a

large amount of effort on M&E does not necessarily translate into either results or accountability.

Second, PMES takes a comprehensive view of departmental performance by measuring performance of all schemes and projects (iconic and non-iconic) and all relevant aspects of expected departmental deliverables such as: financial, physical, quantitative, qualitative, static efficiency (short run) and dynamic efficiency (long run). As a result of this comprehensive evaluation of all aspects relevant to citizen's welfare, this system provides a unified and single view of departmental performance.

Third, by focusing on areas that are within the control of the department, PMES also ensures 'fairness' and, hence, high levels of motivation for departmental managers.

These attributes will be discussed in detail in the subsequent section of this paper.

4. How does PMES work?

The working of the PMES can be divided into the following three distinct stages during the fiscal year:

- A. Beginning of the Year (by April 1): Design of Results-Framework Document
- B. During the Year (after six months -Oct. 1): Monitor progress against agreed targets
- C. End of the year (March 31): Evaluate performance against agreed targets

Figure 1: How does RFD work? (The Process)



4.1 Beginning of the Year (by April 1): Design of Results-Framework Document

As mentioned earlier, at the beginning of each financial year, with the approval of the minister concerned, each department prepares a Results-Framework Document (RFD) consisting of the priorities set out by the Minister concerned, agenda as spelt out in the party manifesto if any, President's Address, announcements/agenda as spelt out by the Government from time to time. The Minister in-charge approves the inter-se priority among the departmental objectives.

To achieve results commensurate with the priorities listed in the Results-Framework Document, the Minister approves the proposed activities and schemes for the ministry/department. The Minister also approves the corresponding success indicators (Key Result Indicators - KRIs or Key Performance Indicators -KPIs) and time bound targets to measure progress in achieving these objectives.

The Results-Framework Document (RFD) prepared by each department seeks to address three basic questions:

- i. What are department's main objectives for the year?
- ii. What actions are proposed to achieve these objectives?
- iii. How to determine progress made in implementing these actions?

RFD is simply a codification of answers to these questions in a uniform and meaningful format. All RFD documents consist of the six sections depicted in Figure 2:

Figure 2: Six Sections of Results-Framework Document (RFD)



A typical example of an actual RFD is enclosed at Annex B In what follows we will briefly describe each of the six sections of RFD.

Section 1: Ministry's Vision, Mission, Objectives and Functions

This section provides the context and the background for the Results-Framework Document. Creating a Vision and Mission for a department is a significant enterprise. Ideally, Vision and Mission should be a byproduct of a strategic planning exercise undertaken by the department. Both concepts are interrelated and much has been written about them in management literature.

A Vision is an idealized state for the Ministry/Department. It is the big picture of what the leadership wants the Ministry /Department to look like in the future. Vision is a long-term statement and typically generic and grand. Therefore a Vision statement does not change from year to year unless the Ministry/Department is dramatically restructured and is expected to undertake very different tasks in the future. Vision should never carry the 'how' part. The reason for not including 'how' is that the 'how' part of the vision may keep on changing with time.

The Ministry's/Department's Mission is the nuts and bolts of the vision. Mission is the 'who, what and why' of the Ministry/Department existence. The Vision represents the big picture and the mission represents the necessary work.

Objectives represent the developmental requirements to be achieved by the department in a particular sector by a selected set of policies and programmes over a specific period of time (short-medium-long). For example, objectives of the Ministry of Health & Family Welfare could include: (a) reducing the rate of infant mortality for children below five years; and (b) reducing the rate of maternity death by (30%) by the end of the development plan.

Objectives could be of two types: (a) Outcome Objectives address ends to achieve, and (b) Process Objectives specify the means to achieve the objectives. As far as possible, the department should focus on Outcome Objectives.

Objectives should be directly related to attainment and support of the relevant national objectives stated in the relevant Five Year Plan, National Flagship Schemes, Outcome Budget and relevant sector and departmental priorities and strategies, President's Address, the manifesto, and announcement/agenda as spelt out by the Government from time to time.

Objectives should be linked and derived from the Departmental Vision and Mission statements and should remain stable over time. Objectives cannot be added or deleted without a rigorous evidence-based justification. In particular, a department should not delete an objective simply because it is hard to achieve. Nor, can it add an objective simply because it is easy to achieve. There must be a logical connection between Vision, Mission and Objectives.

The functions of the department should also be listed in this section. These functions should be consistent with the Allocation of Business Rules for the department / ministry. Unless they change, they cannot be changed in the RFD. This section is supposed to reflect the legal / administrative reality as it exists, and not a wish list.

Section 2: Inter se priorities among key objectives, success indicators and targets.

This Section is the heart of the RFD. Table 1 contains the key elements of Section 2 and in what follows we describe each column of this Table.

Column 1: Select Key Departmental Objectives

From the list of all objectives, departments are expected to select those key objectives that would be the focus for the current RFD. It is important to be selective and focus on the most important and relevant objectives only.

Table 1: Extract of Section 2 from the 2013-14 RFD of Department of Agriculture and Cooperation

Section 2: Inter se Priorities among Key Objectives, Success Indicators and Targets												
Column 1	Column 2	Column 3	Column 4			Column 5	Column 6	Column 7				
Objective	Weight	Action	Success Indicator			Unit	Weight	Target/Criteria Value				
								Excellent	Very Good	Good	Fair	Poor
								100%	90%	80%	70%	60%
(1) Increasing crop production and productivity thereby ensuring food security and enhanced income level to farmers	15.50	(1.1) Preparation of tentative allocations & approval of State Action Plans for 2013-14	(1.1.1) Approval by 31.05.2013			Date	3.50	31/05/2013	05/06/2013	10/06/2013	15/06/2013	20/06/2013
		(1.2) Release of funds to States/Institutions	(1.2.1) % of funds (R.E.) released by 31.03.2014			Percent	3.00	95	85	75	65	60
		(1.3) Additional foodgrain production	(1.3.1) Additional production of 5 million tons over year (5 year moving average)			Million Tons	3.00	5.0	4.8	4.6	4.4	4.2
		(1.4) Area expansion of pulses by promoting pulse cultivation in rice fallows, as well as intercroops and summer crops	(1.4.1) Increase in area by 1.5 lakh ha. over 5 year moving average			Area	2.00	1.5	1.3	1.25	1.10	1.00
		(1.5) NFSM Impact Evaluation Studies	(1.5.1) Completion of studies by CDDs and submission of report			Date	2.00	30/11/2013	30/12/2013	01/01/2014	28/02/2014	31/03/2014
		(1.6) Monitoring and review of BGREI programme in all 7 States	(1.6.1) State visits twice a year			No. of visits	2.00	14	12	10	08	06
(2) Incentivising states to enhance public investment in agriculture & allied sectors to sustain and maintain capital formation and agriculture infrastructure	9.00	(2.1) Incentivise states to make additional allocation in agriculture & allied sectors	(2.1.1) Increase in percentage points of States' plan expenditure in agriculture and allied sectors as per Point No.3 of Annexure-II of RKVY Guidelines			% points	4.00	0.25	0.20	0.15	010	0.05

The objectives are derived from the Five Year Plan, departmental strategies, party manifesto, and President's Address to the Parliament. As depicted in Figure 3, this is required to ensure vertical alignment between national vision as articulated in the National Five Year Plan and departmental objectives.

The objective of the departmental strategy is to outline the path for reaching departmental vision. It usually covers five years and needs to be updated as the circumstances change. Ideally, one should have the departmental strategy in place before preparing an RFD. However, RFD itself can be used to motivate departments to prepare a strategy. This is what was done in our case in India.

Figure 3: Vertical Alignment of Five Year Plans with RFDs



Column 2: Assign Relative Weights to Objectives

Objectives in the RFD are required to be ranked in a descending order of priority according to the degree of significance and specific weights should be attached to these objectives. In the ultimate analysis, the concerned Minister has the prerogative to decide the *inter se priorities* among departmental objectives and all weights must add to 100. Clearly, the process starts with the departmental Secretary suggesting a set of priorities in his/her best technical judgment. However, the Minister has the final word as he/she represents the will of the people in our form of Government.

The logic for attaching specific weights, all adding up to 100 %, is straightforward. For instance, if a department has 15 objectives and, at the end of the year, the Secretary of the department goes to the Minister and says I have achieved 12 out of the 15 objectives. How is the Minister to judge Secretary's performance? The answer depends on which of the three objectives were not achieved or achieved. If the important core objectives of the departments were not achieved, then this does not reflect good performance.

In fact, any evaluation system that does not prioritize objectives is a non-starter. We know that all aspects of departmental operations are not equally important. When we have a shred understanding of departmental priorities, it creates a much greater chance of getting the important things done.

Column 3: Identify Means (Actions) for Achieving Departmental Objectives

For each objective, the department must specify the required policies, programmes, schemes and projects. These also have to be approved by the concerned Minister. Often, an objective has one or more policies associated with it. An objective represents the desired "end" and associated policies, programs and projects represent the desired "means." The latter are listed as "Actions" under each objective.

Column 4: Define Success Indicators

For each of the "action" specified in Column 3, the department must specify one or more "success indicators." They are also known as "Key Performance Indicators (KPIs)" or "Key Result Indicators (KRIs)." A success indicator provides a means to evaluate progress in achieving the policy, programme, scheme and project objectives/targets. Sometimes more than one success indicator may be required to tell the entire story. If there are multiple actions associated with an objective, the weight assigned to a particular objective should be spread across the relevant success indicators.

The choice of appropriate success indicators is as important as the choice of objectives of the department. It is the success indicators that are most useful at the operational level. They provide a clear signal as to what is expected from the department.

Success indicators are important management tools for driving improvements in departmental performance. They should represent the main business of the organization and should also aid accountability. Success indicators should consider both qualitative and quantitative aspects of departmental performance.

In selecting success indicators, any duplication should be avoided. For example, the usual chain for delivering results and performance is depicted in Figure 4. An example of this results chain is depicted in Figure 5.

If we use Outcome (increased literacy) as a success indicator, then it would be duplicative to also use inputs and activities as additional success indicators.

Ideally, one should have success indicators that measure Outcomes and Impacts. However, sometimes due to lack of data one is able to only measure activities or output. The common definitions of these terms are as follows:

1. **Inputs:** The financial, human, and material resources used for the development intervention.

Figure 4: Typical Results Chain



Figure 5: An Example of Results Chain



2. **Activity:** Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs
3. **Outputs:** The products, capital goods and services that result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes. Sometimes, 'Outputs' are divided into two sub categories – internal and external outputs. 'Internal' outputs consist of those outputs over which managers have full administrative control. For example, printing a brochure is considered an internal output as it involves spending budgeted funds in hiring a printer and giving orders to print a given number of brochures. All actions required to print a brochure are fully within the manager's control and, hence, this action is considered 'Internal' output. However, having these brochures picked up by the targeted groups and, consequently, making the desired impact on the target audience would be an example of external output. Thus, actions that exert influence beyond the boundaries of an organization are termed as 'external' outputs.
4. **Outcome:** The likely or achieved short-term and medium-term effects/ impact of an intervention's Outputs. Departments are required to classify SIs into the following categories:

Input	Activity	Internal Output	External Output	Outcome	Measures Qualitative Aspects
(1)	(2)	(3)	(4)	(5)	(6)

While categories numbered 1-5 are mutually exclusive, a Success Indicator can also measure qualitative aspects of performance. As can be seen from the figure given below, management begins where we do not have full control. Up until that point, we consider to be the realm of administration.

Figure 6: Administration versus Management



Column 5: Assign Relative Weights to Success Indicators

If we have more than one action associated with an objective, each action should have one or more success indicators to measure progress in implementing these actions. In this case we will need to split the weight for the objective among various success indicators associated with the objective. The rationale for using relative weights has already been given in the context of the relative weights for objectives. The same logic applies in this context as well.

Column 6: Set Targets for Success Indicators

The next step in designing an RFD is to choose a target for each success indicator. Targets are tools for driving performance improvements. Target levels should, therefore, contain an element of stretch and ambition. However, they must also be achievable. It is possible that targets for radical improvement may generate a level of discomfort associated with change, but excessively demanding or unrealistic targets may have a longer-term demoralizing effect. The target should be presented as per the five-point scale given below:

Excellent	Very Good	Good	Fair	Poor
100 %	90%	80%	70 %	60 %

The logic for using a 5-point scale can be illustrated in the following example. Let us say a Minister (the principal) gives the Secretary (the agent) a target to build 7000 KMs of road. However, at the end of the year, if the Secretary reports that only 6850 KMs of roads could be built, then how is the Minister to evaluate Secretary's performance. The reality is that under these circumstances, a lot would depend on the relationship between the Minister and the Secretary. If the Minister likes the Secretary, he is likely to overlook this shortfall in achievement. If, however, the Minister is unhappy with the Secretary for some reason, then the Minister is likely to make it a big issue. This potential for subjectivity is the bane of most problems in the Government. The five-point scale addresses this problem effectively. By having an ex-ante agreement on the scale, the performance evaluation at the end is automatic and fair. Incidentally, it could be a 5 point, 7 point or even a 9 point scale. If an evaluation system does not use a scale concept for ex-ante targets, it is a non-starter.

It is expected that, in general, budgetary targets would be placed at 90% (Very Good) column. There are only two exceptions: (a) When the budget requires a very precise quantity to be delivered. For example, if the budget provides money for one bridge to be built, clearly we cannot expect the department to build two bridges or 1.25 of a bridge.(b) When there is a legal mandate for a certain target and any deviation may be considered a legal breach. In these cases, and only in these cases, the targets can be placed under 100 %. For any performance below 60%, the department would get a score of 0 in the relevant success indicator.

The RFD targets should be aligned with Plan priorities & be consistent with departmental budget as well as the outcome budget. A well framed RFD document should be able to account for the majority of the budget. Towards this end, departments must ensure that all major schemes, relevant mission mode projects and Prime Ministers Flagship Programs are reflected in the RFD.

Team targets: In some cases, the performance of a department is dependent on the performance of one or more departments in the Government. For example, to produce power, the Ministry of Power is dependent on the performance of the following: (a) Ministry of Coal, (b) Ministry of Railways, (c) Ministry of Environment and Forest, and (d) Ministry of Heavy Industry (e.g. for power equipment from BHEL). Therefore, in order to achieve the desired result, it is necessary to work as a team and not as individuals. Hence, the need for team targets for all five Departments and Ministries.

Figure 7: Horizontal Alignment among Departments



For example, if the Planning Commission fixes 920 BU as target for power generation, then two consequences will follow. First, RFDs of all five departments will have to include this as a ‘team target.’ Second, if this ‘team target’ is not achieved, all five departments will lose some points at the time of evaluation of RFDs. The relative loss of points will depend on the weight for the team target in the respective RFDs. To illustrate this point, let us take an example. The RFD for Ministry of Coal will consist of two type of targets. One will deal with coal production and other with ‘team target for Power Generation.’ Let us say they have a weight of 15 % and 2 % respectively. Now if the target of 920 BU for power generation is not achieved, even if the target for coal production has been achieved, Ministry of Coal will still lose 2 %. An actual example of Team Target in the RFD of Ministry of Coal in the year 2013-14 is reproduced below.

Table 2: Example of Team Target in the 2013-14 RFD of Ministry of Coal.

Section 2: Inter se Priorities among Key Objectives, Success Indicators and Targets						
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Objective	Weight	Action	Success Indicator	Unit	Weight	Target/Criteria Value
						Excellent 100%
						Very Good 90%
						Good 80%
						Fair 70%
						Poor 60%
(29) GPS based tracking of transportation of coal	1.00	(29.1) Installation of GPS by 31.03.2014	(29.1.1) All companies have floated tenders for installing GPS	No. of subsidiaries	1.00	7
						6
						5
						4
						3
(30) Joint responsibility for power generation	5.00	(30.1) Gave necessary support and clearance	(30.1.1) Additional capacity installed	MW	3.00	18500
			(30.1.2) Total power generated	BU	2.00	1030
						1000
* Efficient functioning of the RFD System	3.00	Timely submission of draft RFD 2014-15 for approval	On-time submission	Date	2.00	05/03/2014
		Timely submission of results for 2012-13	On-time submission	Date	1.00	01/05/2013
* Transparency/Service delivery Ministry/Department	3.00	Independent audit of implementation of Citizens'/Clients' Charter (CCC)	% of implementation	%	2.00	100
		Independent audit of implementation of Public Grievance Redressal System	% of implementation	%	1.00	100
		Implement mitigating strategies for reducing potential risk of corruption	% of implementation	%	1.00	100
* Administrative reforms	6.00	Implement ISO 9001 as per the approved action plan	% of implementation	%	2.00	100
		Implement Innovation Action Plan (IAP)	% of milestones achieved	%	2.00	100
		Identification of core and non-core activities of the Ministry/Department as per 2nd ARC recommendations	Timely submission	Date	1.00	27/01/2014
						29/01/2014
						30/01/2014
						31/01/2014

TEAM TARGET

The logic is that all team members must ensure (like relay race runners) that the entire chain works efficiently. To borrow an analogy from cricket, there is no consolation in a member of the team scoring double century if the team ends up losing the match. That is, the departments included for team targets will be responsible for achieving the targets jointly. This is one of the ways in which RFDs try to ensure horizontal alignment and break away from the silo mentality.

Section 3: Trend values of the success indicators

For every success indicator and the corresponding target, RFD must provide actual values for the past two years and also projected values for two years in the future as given in Table 3.

Table 3: Extract of Section 3 from the 2013-14 RFD of Department of Agriculture and Cooperation

Section 3: Trend Values of the Success Indicators								
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Objective	Action	Success Indicator	Unit	Actual Value for FY 11/12	Actual Value for FY 12/13	Actual Value for FY 13/14	Actual Value for FY 14/15	Actual Value for FY 15/16
(1) Increasing crop production and productivity thereby ensuring food security and enhanced income level to farmers	(1.1) Preparation of tentative allocations & approval of State Action Plans for 2013-14	(1.1.1) Approval by 31.05.2013	Date	31/05/2011	18/05/2012	31/05/2013	31/05/2014	31/05/2015
	(1.2) Release of funds to States/Institutions	(1.2.1) % of funds (R.E.) released by 31.03/2014	%	98	-	90	90	90
	(1.3) Additional foodgrain production	(1.3.1) Additional production of 5 million tons over year (5 year moving average)	Million Tons	-	12.59	5.0	5.2	5.4
	(1.4) Area expansion of pulses by promoting pulse cultivation in rice fallows, as well as intercrop and summer crops	(1.4.1) Increase in area by 1.5 lakh ha. over 5 year moving average	Area	-	-	1.5	1.75	2.00
	(1.5) NFSM Impact Evaluation Studies	(1.5.1) Completion of studies by CDDs and Submission of report	Date	-	-	30/11/2013	-	-
(2) Incentivising states to enhance public investment in agriculture & allied sectors to sustain and maintain capital formation and agriculture infrastructure	(1.6) Monitoring and review of BGREI programme in all 7 States	(1.6.1) State visits twice a year	No. of visits	10	12	14	14	15
	(2.1) Incentivise states to make additional allocation in agriculture & allied sectors	(2.1.1) Increase in percentage points of states' plan expenditure in agriculture and allied sectors as per Point No. 3 of Annexure-II of RKVY Guidelines	% Points	0.9	-	0.25	0.25	0.25

Section 4: Description and definition of success indicators and proposed measurement methodology

RFD contains a section giving detailed definitions of various success indicators and the proposed measurement methodology. Wherever possible, the rationale for using the proposed success indicators may be provided. Abbreviations / Acronyms of policies, programmes, schemes used may also be elaborated in this section.

Section 5: Specific performance requirements from other departments that are critical for delivering agreed results

This section should contain expectations from other departments that impact on the department's performance. These expectations should be mentioned in quantifiable, specific, and measurable terms.

The purpose of this section is to promote horizontal alignment among departments and overcome the tendency to work in silos. This section allows us to know, *ex-ante*, the requirements and expectations of departments from each other. This section is a complement to the

Table 4: Extract of Section 5 from the 2013-14 RFD of Ministry of Coal

Section 5: Specific Performance Requirements from other Departments								
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Location Type	State	Organisation Type	Organisation Name	Relevant Success Indicator	What is your Requirement from the Organisation	Justification for this Requirement	Please Quantify your Requirement from this Organisation	What Happens if your Requirement is not Met.
Central Government		Ministry	Ministry of Environment and Forests	(27.1.1) Holding quarterly meetings	MoEF is required to review the status of providing EC and FC proposals at their level for expediting the same.	In the absence of EC and FC clearance, projects will not progress further.	All the proposals pending with MoEF	Commencement of subsequent activities will not start leading to delay in projects.
			Ministry of Law and Justice	(1.3.2.1) Vetting of notifications under section 4(1), 7(1), 9(1) and 11(1) of the CBA (A&D) Act, 1957 will be done within the prescribed time on receipt of each	Ministry of Law and Justice is required to vet notifications within prescribed time	Vetting by Ministry of Law and Justice is necessary before processing the cases further.	All the cases related to land acquisition.	Notification cannot be issued within prescribed time without vetting.

concept of 'team targets' discussed above.

Section 6: Outcome/Impact of activities of department/ministry

This section should contain the broad outcomes and the expected impact the Department/Ministry has on national welfare. This section should capture the very purpose for which the Department/Ministry exists and the rationale for undertaking the RFD exercise.

The department's evaluation will be done against the targets mentioned in Section 2 in RFD. The whole point of Section 6 in RFD is to ensure that departments/ministries serve the purpose for which they were created in the first place.

The required information under Section 6 should be entered in Table 5. The Column 1 of Table 5 is supposed to list the expected outcomes and impacts. It is possible that these are also mentioned in the other sections of the RFD. Even then they should be mentioned here for clarity and ease of reference. For example, the purpose of Department of AIDS Control would be to 'Control the spread of AIDS'. Now it is possible that AIDS Control may require collaboration between several departments like Health and Family Welfare, Information and Broadcasting, etc. In Column 2, all Departments/Ministries jointly responsible for achieving national goal are required to be mentioned. In Column 3, department/ministry is expected to mention the success indicator (s) to measure the department's outcome or impact. In the case mentioned, the success indicator could be '% of Indians infected with AIDS'. Columns 5 to 9 give the expected trend values for various success indicators.

**Table 5: Extract of Section 6 from the 2013-14 RFD
of Department of AIDS Control**

Section 6: Outcome/Impact of Department/Ministry								
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
Outcome/Impact of Department/Ministry	Jointly responsible for influencing this outcome/ impact with the following department (s)/ ministry (ies)	Success Indicator	Unit	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
1. Survival of AIDS patients on ART		% of adults and children with HIV known to be on treatment at 24 months after initiation of antiretroviral therapy at select ART centres	%	NA	NA	NA	NA	NA
2. Reduction in estimated AIDS related deaths		Estimated number of annual AIDS related	No.	1,47,729	NA	NA	NA	NA
3. Reduction in estimated new HIV Infections		Estimated number of annual new HIV infections	No.	1,16,456	NA	NA	NA	NA
4. Improved Prevention of Parent of Child Transmission	Department of Health and Family Welfare				NA	NA	NA	NA

Design Process:

Once the RFD has been prepared and approved by the concerned Minister, it goes through the cycle depicted in Figure 8 and explained below:

Figure 8: Quality Assurance Process for RFD



1	Step 1:	Minister Approves the RFD	The process starts with the secretary making a draft RFD and proposing for approval of the concerned minister. It is primarily the responsibility of the minister to ensure that RFD includes all the important priorities of the government.
2	Step 2:	Draft RFD sent to Cabinet Secretariat	The Performance Management Division (PMD), Cabinet Secretariat, examines the draft for their quality and consistency with RFD Guidelines. The critiques of all drafts are prepared based on the RFD Evaluation methodology (REM). This methodology allows us to quantify the quality of an RFD based on agreed criteria

3	Step 3:	Review by PMD and Ad-Hoc Task Force (ATF)	ATF consists of distinguished academicians, former Secretaries to Government of India, former chiefs of large public enterprises and private sector domain experts (). This is a non-government body that reviews the critiques and vets the draft RFDs. These comments are conveyed to departments during meetings with departmental secretaries.
4	Step 4:	Departments incorporate ATF comments and revise RFD drafts	Based on the minutes of the meetings with ATF members, departments modify draft RFDs and resubmit them for approval by the High Power Committee (HPC) on Government Performance chaired by the Cabinet Secretary. ()
5	Step 5:	Approval by HPC on Government Performance	The HPC consists of Secretary Finance, Secretary Expenditure, and Secretary Planning. They are responsible for ensuring that all main targets in RFDs are consistent with targets in the budget as well as the Five Year Plan. This is also an occasion to resolve any differences between ATF and departments.
6	Step 6:	RFDs placed on departmental websites	RFDs approved by HPC are placed on the respective departmental websites. In addition, they are also placed on the PMD website (www.performance.gov.in).

An RFD approved by HPC, for the year 2012-13, for the Department of Agriculture Research & Education, is enclosed at Annex B.

4.2 During the Year (after six months -Oct. 1): Monitor progress against targets

After six months, the Results-Framework Documents (RFD) as well as the achievements of each Ministry/Department against the performance goals laid down, may have to be reviewed and the goals reset, taking into account the priorities at that point of time. This enables Government to factor in unforeseen circumstances such as drought conditions, natural calamities or epidemics.

4.3 End of the year (March 31): Evaluation of performance against agreed targets

At the end of the year, we look at the achievements of the government departments, compare them with the targets, and determine the Composite Score. Table 6 provides an example from the health sector. For simplicity, we have taken only one objective to illustrate the evaluation methodology.

The Raw Score for Achievement in Column 6 of Table 6 is obtained by comparing the achievement with the agreed target values. For example, the achievement for first success indicator (% increase in primary health care centers) is 15 %. This achievement is between 80% (Good) and 70% (Fair) and hence the “Raw Score is 75%.”

The Weighted Raw Score for Achievement in Column 6 is obtained by multiplying the Raw Score (column 7) with the relative weights (column 4). Thus for the first success indicator, the Weighted Raw Score is obtained by multiplying 75% by 0.50. This gives us a weighted score of 37.5%. Finally, the Composite Score is calculated by adding up all the weighted Raw Scores (column 8) for achievements. In Table 6, the Composite Score is calculated to be 84.5%.

The Composite Score shows the degree to which the government department in question was able to meet its objective. The fact that it got a score of 84.5 % in our hypothetical example implies that the department’s performance vis-a-vis this objective was rated as “Very Good.” The methodology outlined above is transcendental in its application. Various Government departments will have a diverse set of objectives and corresponding success indicators. Yet, at the end of the year every department will be able to compute its Composite Score for the past year. This Composite Score will reflect the degree to which the department was able to achieve the promised results.

Departmental Rating	Value of Composite Score
Excellent	100% -96%
Very Good	95% -86%
Good	85-76%
Fair	5% -66%
Poor	65% and below

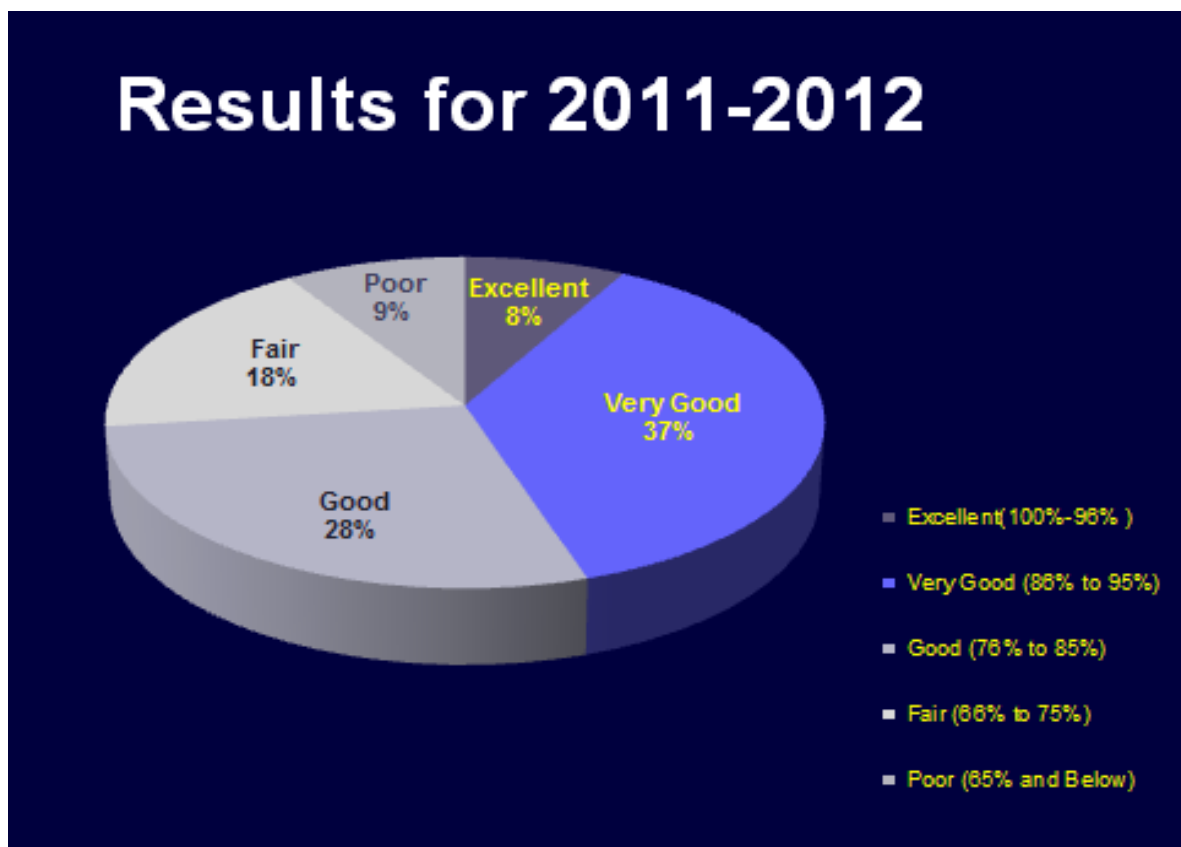
Table 6: Example of Performance Evaluation at the End of the Year

Column 1	Column 2	Column 3		Column 4	Column 5				Column 6	Column 7	Column 8		
Objective	Action	Criteria/Success Indicators	Unit	Weight	Target Criteria Values					Achievements	Raw Score	Weighted Raw Score	
					Excellent	Very Good	Good	Fair	Poor				
					100%	90%	80%	70%	60%				
Better Rural Health	Improve Access to Primary Health Care	1	% Increase in number of primary health care centres	%	.50	30	25	20	10	5	15	75%	37.5%
		2	% Increase in number of people with access to a primary health centre within 20 KMs	%	.30	20	18	16	14	12	18	90%	27%
		3	Number of hospitals with ISO 9000 certification by December 31, 2009	%	.20	500	450	400	300	250	600	100%	20%
Composite Score =											84.5%		

The methodology outlined above for Departmental rating is transcendental in its application. Various Government Departments will have a diverse set of objectives and corresponding success indicators. Yet, at the end of the year every Department will be able to compute its composite score for the past year. This composite score will reflect the degree to which the Department was able to achieve the promised results.

. Today all departments are also required to include the RFD and corresponding results at the end of the year in the Annual Reports of respective departments. These annual reports of individual departments are placed in the Parliament every year.

The results for the year 2011-12 are summarized as a pie chart below:



From the above it is clear the system is stabilizing as the results were distributed normally.

Of all the State Governments, Kerala has taken the lead in completing two full cycles of RFD and declaring its results widely through a Government order as show in the following Figure



GOVERNMENT OF KERALA

Abstract

Planning & Economic Affairs (CPMU) Department - Performance Monitoring and Evaluation System - Results Frameworks Document Evaluation Report (2012-13) of 35 Administrative Departments - Approved - Orders issued.

Planning & Economic Affairs (CPMU) Department

GO (MS) No.42/2013/Plg. Dated, Thiruvananthapuram : 07.08.2013.

Read: GO(MS) No.24/13/Plg dtd 27.03.2013.

ORDER

Results Framework Documents is a part of the Performance Monitoring and Evaluation System (PMES) to monitor and evaluate the performance of the Government Departments. RFD includes the agreed objectives, policies, programmes and projects along with the success indicators and targets to measure the performance in implementing them. The document is to be prepared by each department at the beginning of every financial year.

Vide paper read above, Govt. have approved the RFD 2012-13 of 35 Administrative Departments. As per the guidelines of Results Framework Documents, the concerned Administrative Departments have carried out the evaluation of the achievement of targets mentioned in their Results Framework Documents for the year 2012-13 and submitted the evaluation report online to the Planning and Economic Affairs Department.

The department wise composite scores are as follows.

Sl. No.	Name of Department	Composite Score
1	Agriculture	69.83
2	Animal Husbandry	70.98
3	Co-operation	78.14
4	Cultural Affairs	86.5
5	Environment	30.94
6	Excise	85.28
7	Finance	78.09
8	Fisheries	75.44
9	Food, Civil Supplies & Consumer Affairs	53.39
10	Forest	68.83
11	General Administration	68.27
12	General Education	59.91
13	Health & Family Welfare	87.05
14	Higher Education	68.88
15	Housing	42.27
16	Industries & Commerce	71.55
17	Information & Public Relations	65.77
18	Information Technology	71.35
19	Labour & Rehabilitation	51.23

20	LSGD	61.08
21	NORKA	62.54
22	P&ARD	51.17
23	Planning & Economic Affairs	76.35
24	Ports	40.54
25	Power	63.03
26	PWD	73.76
27	Registration	76.37
28	Revenue	51.6
29	SC/ST Development Department	66.2
33	Social Welfare	30.5
31	Sports & Youth Affairs	52.33
32	Taxes	76.75
33	Tourism	67.09
34	Transport	23.75
35	Water Resources	55.52

Government, after examining in detail the Evaluation Report of Results Framework Documents 2012-13 of each Administrative Department are pleased to approve the scores as mentioned above.

Government have approved in principle to use the concept of Results Framework Documents to improve the performance of departments and not to grade them. Further it is not indicative of the level of performance.

(By Order of the Governor)

Rachna Shah,
Secretary (Planning)

To

All Additional Chief Secretaries, Principal Secretaries and Secretaries
Dr. Prajapati Trivedi, Secretary, PMD, Cabinet Secretariat,
Government of India (with C/L)
Performance Management Division, Cabinet Secretariat, Govt. of India.
All Heads of Departments
All District Collectors
Private Secretary to Hon'ble Chief Minister
Private Secretary to all Ministers

Copy to

Additional Secretary to Chief Secretary
PA to Principal Secretary to Govt. (Planning)
CA to Additional Secretary & Director, (CPMU)
Stock file / OC.

Forwarded/ By Order

Bijumon

Section Officer

5. Why is PMES required?

Systems prior to introduction of PMES suffered from several limitations. Government examined these limitations and designed PMES to overcome these limitations. Some examples of these limitations follow:

5.1 There is fragmentation of institutional responsibility for performance management

Departments are required to report to multiple principals who often have multiple objectives that are not always consistent with each other. A department could be reporting to the Ministry of Statistics and Programme Implementation on important programmes and projects; Department of Public Enterprises on the performance of PSUs under it; Department of Expenditure on performance in relation to Outcome Budgets; Planning Commission on plan targets; CAG regarding the procedures, processes, and even performance; Cabinet Secretariat on cross cutting issues and issues of national importance; Minister in-charge on his priorities; Standing Committee of the Parliament on its annual report and other political issues; etc.

5.2 Fragmented responsibility for implementation

Similarly, several important initiatives have fractured responsibilities for implementation and hence accountability for results is diluted. For example, e-governance initiatives are being led by the Department of Electronics and Information Technology, Department of Administrative Reforms and Public Grievances, NIC, as well as individual ministries.

5.3 Selective coverage with time lag in reporting

Some of the systems are selective in their coverage and report on performance with a significant time-lag. The comprehensive Performance Audit reports of the CAG are restricted to a small group of schemes and institutions (only 14 such reports were laid before the Parliament in 2008) and come out with a substantial lag. Often, by the time these reports are produced, both the management and the issues facing the institutions change.

The reports of enquiry commissions and special committees set-up to examine performance of Government departments, schemes and programmes suffer from similar limitations.

5.4 Most performance management systems are conceptually flawed

As mentioned earlier, an effective performance evaluation system is at the heart of an effective performance management system. Typically, performance evaluation systems in India suffer from two major conceptual flaws. First they list a large number of targets that are not prioritized. Hence, at the end of the year it is difficult to ascertain performance. For example, simply claiming that 14 out of 20 targets were met is not enough. It is possible that the six targets that were not met were in the areas that are the most important areas of the department's core mandate. This is the logic for using weights in RFDs.

Similarly, most performance evaluation systems in the Government use single point targets rather than a scale. This is the second major conceptual flaw and it makes it difficult to judge deviations from the agreed target. For example, how are we to judge the performance of the department if the target for rural roads for a particular year is 15000 KMs and the achievement is 14500 KMs?

In the absence of explicit weights attached to each target and a specific scale of deviations, it is impossible to do a proper evaluation. This is the reason why a 5-point scale and weights are used for RFDs.

As can be seen from the example in Table 6, evaluation methodology embedded in RFDs is a significant improvement over the previous approaches. Once we are able to prioritise various success indicators based on government's prevailing priorities and agree on how to measure deviation from the target, it is easy to calculate the composite score at the end of the year. In the above hypothetical example, this composite score is 84.5%. The ability to compute a composite score for each department at the end of the year is the most important conceptual contribution of RFD methodology and makes it a forerunner amongst its peers.

This conceptual approach brings the Monitoring and Evaluation of Government Departments in India into a distinctly modern era of new public management. It creates benchmark competition amongst Government Departments and, we know, competition is the source of all efficiency. The composite score of departments measures the ability of the departments to meet their commitments. While the commitments of the Department of Road Transport are very different from those of the Department of School Education, we can still compare their managerial ability to achieve their agreed targets.

In the absence of the evaluation methodology embedded in RFDs, Government Departments were often at the mercy of the most powerful individuals in the government. Different individuals in the government could always find something redeeming for those departments they favoured and something amiss for those departments not in their good books. Thus, depending on the perspective, departments could be simultaneously good, bad or ugly. Even when the evaluators were being objective, others could easily allege subjectivity in evaluation because the pre-RFD evaluation methodology was severely flawed. The result was, as in many governments around the world, the views of the most powerful person prevailed in the end. This kind of subjective personalised approach often seems to work in the short run because of the so called 'audit effect.' Compared to no system, even a flawed M & E system upon introduction can have some temporary beneficial effect on behavior because officials are now mindful that they are being audited (watched). However, officials are as clever as anyone else and they realise very soon that the evaluation system is subjective, selective and non-scientific. Once this realisation dawns upon them, they go back to their old habits. Thus, the labour-intensive M & E by hauling up departments for endless presentations is often a counter-productive strategy in the long run. It leads to M & E fatigue and eventually a calculated disregard for such M & E systems in government.

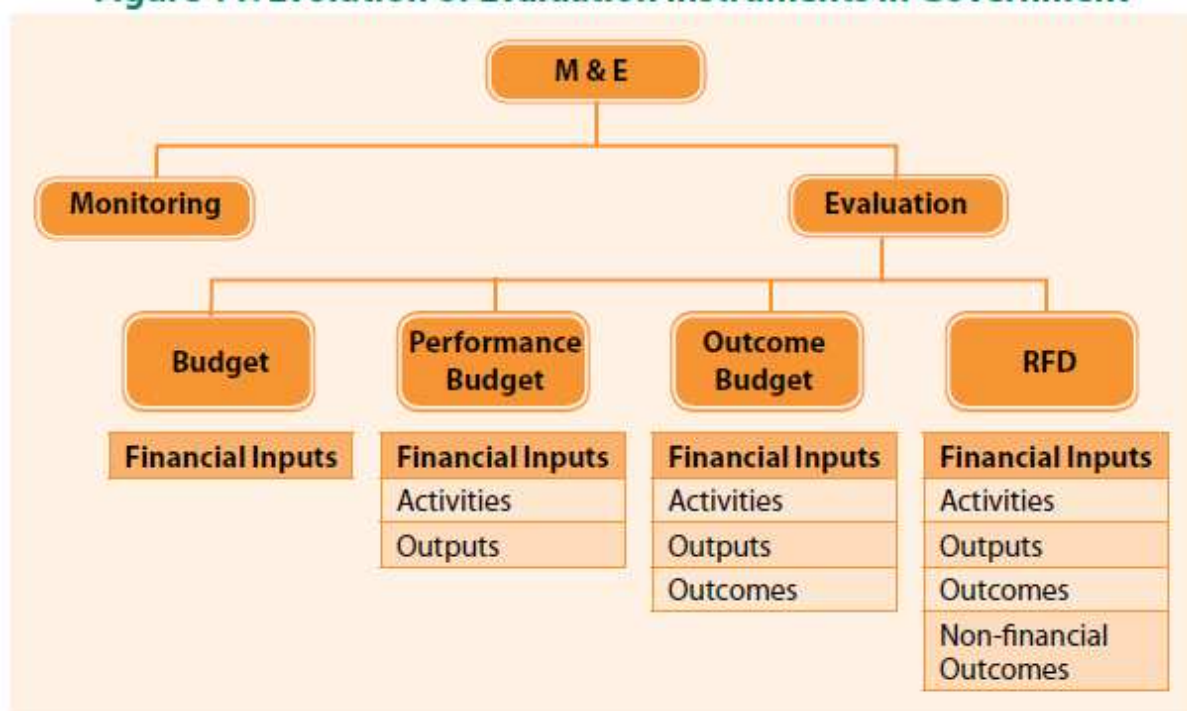
RFDs also differ from previous efforts in another fundamental way. Compared to previous approaches, RFDs represent the most comprehensive and holistic evaluation of government departments. To understand this point let us look at Figure 11. As can be seen from this Figure, there is a fundamental difference between Monitoring and Evaluation. Just because they are referred together as M&E, the distinction is often lost.

The process of evaluation, on the other hand, helps us arrive at the bottom line for the evaluated organisations. A sound evaluation exercise should inform us whether the performance of an entity is good, bad or ugly. Monitoring, on the other hand, allows an entity to determine whether we are on track to achieving our bottom-line.

For example, as a passenger travelling from point A to point B, we care about the on-time departure and arrival of the plane, experience of cabin service during the flight, the cost of journey, etc. If these parameters are to our 58 Proceedings of Global Roundtable on Government Performance Management satisfaction, we come to the conclusion that we had a ‘good’ flight. However, to achieve this result, the captain of the flight has to monitor a large number of diverse parameters—headwinds, tailwinds, outside temperature, inside temperature, fuel levels, fuel distribution, weight distribution, etc.

Monitoring and Evaluation require different perspectives and skills. ‘Monitoring’ is concerned with the means to achieve a desirable end, whereas, ‘Evaluation’ is concerned with the end itself. In government, we often confuse between the two and end up doing neither particularly well. By making a clear distinction between the two, RFD approach has contributed to a more effective performance evaluation of Government Departments for the first time since independence.

Figure 11: Evolution of Evaluation Instruments in Government



Not to say that ‘evaluation’ of Government Departments did not happen in Government of India before the introduction of RFD. Like most other countries, ‘budget’ was the main instrument of evaluating Government Departments. The bottom line was the size of the budget and a department’s performance was determined by its ability to remain within budget. Dissatisfaction with the narrow focus on ‘financial inputs’ as a success indicator, however, led to the adoption of ‘Performance Budgets,’ which broadened the scope of evaluation exercise to include ‘activities’ and ‘outputs,’ in addition to financial inputs. With further advances in evaluation, experts began to focus on the outcomes and hence in 2006, Government of India adopted ‘Outcome Budget.’ In 2009, RFD further expanded the scope of departmental evaluation and included non-financial outcomes, in addition to all others in the Outcome Budget. Thus, RFD represents the most comprehensive definition of departmental performance. It includes static and dynamic aspects of departmental performance; long-term and short-term aspects; financial and non-financial aspects of

performance; as well as quantitative and qualitative aspects of performance. That is to say, that while RFD still belongs to the genre of approaches that fall under the rubric of Management by Objective (MBO) approaches, it has the most sophisticated evaluation methodology and has the most comprehensive scope compared to its predecessors.

This is not an insignificant point. Many governments have tried using a selective approach by focusing on a few key aspects of departmental performance. This approach leads to the famous ‘water-bed’ effect. Those areas of the department that are under scrutiny may improve but the rest of the department slackens and eventually the whole department suffers. Even if a government wants to focus on a few items of particular interest to them, it is best to give these items (action points) higher weights in the RFD and not take them out of RFD for special monitoring.

In the next section we will see that by adopting RFD approach for managing departmental performance, India has moved into a very distinguished league of reformers and, indeed, represents current international best practice.

6. What is the international experience in this area?

6.1 Similar policies used widely in developed and developing countries

The inspiration for this policy is derived from the recommendations of the Second Administrative Reform Commission (ARC II). In the words of Second Administrative Reform Commission (ARC II):

“Performance agreement is the most common accountability mechanism in most countries that have reformed their public administration systems.”

“At the core of such agreements are the objectives to be achieved, the resources provided to achieve them, the accountability and control measures, and the autonomy and flexibilities that the civil servants will be given.”

Similar policies are being used in most OECD countries. The leading examples of this policy come from New Zealand, United Kingdom and USA. In the USA, the US Congress passed a law in 1994 called the Government Performance Results Act. Under this law the US President is obliged to sign a Performance Agreement with his Cabinet members. In the UK, this policy is called Public Service Agreement. In developing countries, the best examples come from Malaysia and Kenya.

Following are more details of the country experiences:

1. New Zealand

New Zealand was one of the first countries to introduce an annual performance agreement (RFD) between ministers and permanent secretaries (renamed as chief executives) who, like India, are directly responsible to the minister.

The Public Finance Act of 1989 provided for a performance agreement to be signed between the chief executive and the concerned minister every year. The Performance Agreement

describes the key result areas that require the personal attention of the chief executive. The expected results are expressed in verifiable terms, and include output-related tasks. The chief executive's performance is assessed every year with reference to the performance agreement. The system provides for bonuses to be earned for good performance and removal for poor performance. The assessment is done by a third party – the State Services Commission. Due consideration is given to the views of the departmental Minister. A written performance appraisal is prepared. The chief executive concerned is given an opportunity to comment, and his/her comments form part of the appraisal.

The annual purchase agreement for outputs between the minister and the department or agency complements Performance Agreements. The distinction between service delivery (outputs) and policy (outcomes) clarifies accountability. Departments or agencies are accountable for outputs; ministers are accountable for outcomes. Purchase agreements specify outputs to be bought, as well as the terms and conditions surrounding the purchase, such as the procedure for monitoring, amending and reporting.

2. Denmark

In Denmark, the contract management approach is seen as a major contribution to performance management. Four year contracts (RFDs) incorporating agreed performance targets are negotiated between specified agencies and parent ministries and are monitored annually by the parent ministry and Ministry of Finance.

4. United Kingdom

In UK, a framework agreement specifies each agency's general mission and the responsibilities of the minister and chief executive. A complementary annual performance agreement between the minister and chief executive sets out performance targets for the agency. Setting targets is the responsibility of the minister. Agencies are held accountable through quarterly reports to the minister.

Under Tony Blair, UK went on to implement Public Service Agreements (PSAs), which detail the aims and objectives of UK Government Departments for a three-year period. Such agreements also "describe how targets will be achieved and how performances against these targets will be measured." The agreement may consist of a departmental aim, a set of objectives and targets, and details of who is responsible for delivery. The main elements of PSA are as follows:

1. An introduction, setting out the Minister or Ministers accountable for delivering the commitments, together with the coverage of the PSA, as some cover other departments and agencies for which the relevant Secretary of State is accountable;
2. The aims and objectives of the department or cross-cutting area;
3. The resources which have been allocated to it in the CSR;
4. Key performance targets for the delivery of its services, together with, in some cases, a list of key policy initiatives to be delivered; A statement about how the department will increase the productivity of its operations.

5. United States

In 1993 the US Congress enacted the Government Performance and Results Act (GPRA). Under this Act, President of the United States is required to sign Performance Agreements (RFD) with Secretaries. These Performance Agreements include departmental Vision, Mission, Objectives, and annual targets. The achievements against these are to be placed in the Congress. The Secretaries in turn sign performance Agreements with Assistant Secretaries and the accountability for results and performance eventually trickles down to the lowest levels.

6. France

The Centres de Responsabilite in France is another example. Since 1990, many State services at both central and devolved levels have been established as Responsibility Centres in France. A contract with their Ministry gives the Directors greater management flexibility in operational matters in exchange for a commitment to achieve agreed objectives. It also stipulates a method for evaluating results. Contracts, negotiated case by case, are for three years.

7. Australia

All line departments in Australia operate in the agency mode. The Public Service Act of 1999 includes a range of initiatives that provides for improving public accountability for performance, increasing competitiveness and enhancing leadership in the agencies. These initiatives include:

- a. public performance agreements (RFDs) for the Agency Heads
- b. replacement of out-of-date hierarchical controls with more contemporary team-based arrangements
- c. greater devolved responsibility to the agency levels
- d. giving agencies flexibility to decide on their own systems for rewarding high performance
- e. streamlined administrative procedures
- f. a strategic approach to the systematic management of risk.

The Financial and Accountability Act, 1997 provides the accountability and accounting framework for the agencies. Under this Act, the Agency Heads are given greater flexibility and autonomy in their financial management. The Act requires Agency Heads to manage resources in an efficient, effective and ethical manner

8. Canada

Canada has a long tradition of government performance management. It introduced a basic performance management system as far back as 1969 and has a very sophisticated system of performance management. In addition to Performance Contracts (PC) with departmental heads, which are similar to RFD, it has a Management Accountability Framework (MAF) that also measures the quality management and leadership of the department. Both systems are linked to the Performance Measurement Framework (PMF) and, unlike India, have statutory backing.

9. Brazil

In Brazil, the most advanced form of performance management is found at the State level. In the state of Minas Gerais, heads of government departments are required to have a Results Agreement (RA). While similar to RFDs, these RAs are for a period of four years, with yearly reviews, while the Indian RFDs are negotiated for one year at a time. The achievement scores against commitments made in Result Agreements are published documents and available to the public through the official websites in Minas Gerais. Result Agreements (RAs) in Minas Gerais also extend to city administrations and cover the quality of expenditure by the secretariat. In addition, these Result Agreements contain provisions for performance-related pay.

The 2007 innovation in RA was the cascading of the RA into two levels: first level between the State Governor and the heads of State Secretariats and agencies, focused on results of impact for society; and the second level between the heads of agencies and their respective teams, identifying clearly and objectively the contribution of each staff member to the achievement of results

10. Malaysia

The Program Agreement system designed by Prime Minister Mahathir Mohammed was a pioneering effort in the developing world. Every public entity had to have a program agreement that specified the purpose of the existence of that agency and the annual targets in terms of outputs and outcomes. This government performance system is credited by many experts for turning Malaysia from a marshy land to almost a developed country.

11. Indonesia

Indonesia implements a system of Performance Contracts (PCs) for all Ministries. However, While in India, these PCs in form of RFD are signed between the Secretary and the Minister, in Indonesia these are signed by the concerned Minister with the President. In both cases, the purpose is to translate vision into reality. While one ministry is in charge of a programme, other ministries whose support in providing complementary inputs are identified. These PCs monitor inputs, activities, outputs and outcomes.

The central responsibility for drawing up PC rests with UKP4 in Indonesia. This is a Delivery Unit under the President of Indonesia. Some provinces in Indonesia have opted for system followed by the President's Delivery Unit (UKP4) and they are allowed access to their online system.

12. Kenya

Performance Contract System (PCS) in Public Service was introduced in Kenya in 2004 as part of Economic Recovery Strategy for Wealth and Employment Creation: 2003-07. The system got a fillip from the new government under the widely-held perception of bureaucratic delays, inefficiency, the emphasis was on processes rather than on results, lack of transparency and accountability, inadequate trust and instances of huge surrender of funds.

The Performance Contracting System of Kenya has Public Service Award from UNDP and Innovation Award from the Kennedy School of Government. Considered among the most

sophisticated government performance management systems it draws on the experience of leading practitioners of New Public Management (Australia, UK, New Zealand, etc.). Its coverage is also impressive. It covers almost all entities getting support from treasury.

13. Bhutan

Of all the developing countries, the recent adoption of Performance Agreements (PA) in Bhutan is the most impressive. Performance Agreements in Bhutan are signed between the Prime Minister and the respective ministers. Bhutan examined the international experience, including Indian experience with RFDs, and decided to improve on all previous approaches. The Harvard educated Prime Minister is credited with this policy. We have done a comparison of the quality of Performance Agreements in Bhutan with the quality of RFDs in India and found the Bhutanese PAs to be ahead of us in India. That is why I have included them in this list.

The above review of a sample of diverse set of countries shows that all countries that have concern for better performance (i.e. enhanced efficiency, economy, effectiveness, and service quality) have moved their performance management frameworks from administration to management and from bureaucracies to markets. The management model is predicated on an internal culture of making managers manage, as opposed to the administrator model which values compliance to pre-set rules and regulations. A shift to the management model is aimed at empowering managers, requiring them to take responsibility, providing them with a degree of operational freedom, and ensuring accountability for results. Most countries have found that RFD type approaches work best in making this transition. That is perhaps also the reason for the 2nd ARC to reach the same broad conclusion.

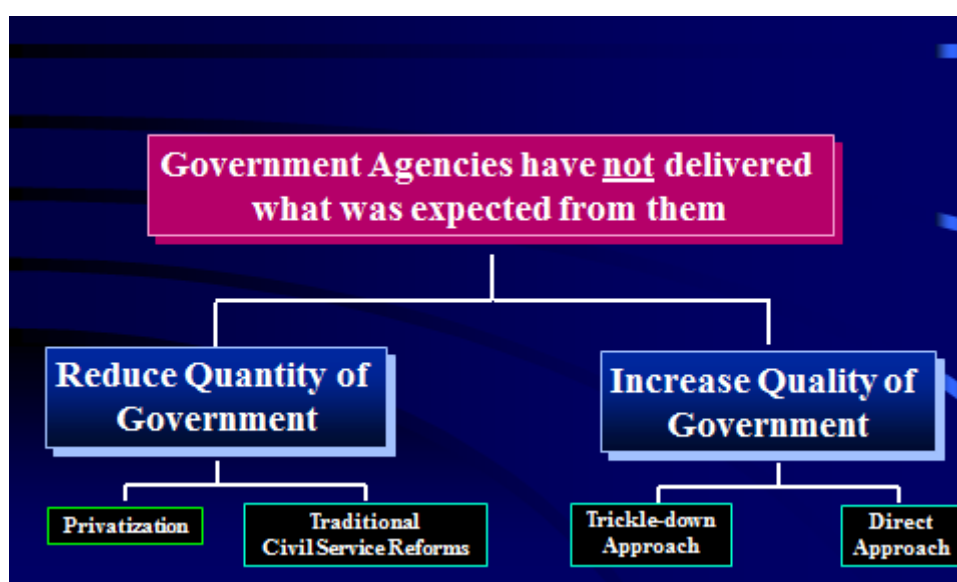
6.2 Importance of Management Systems

As depicted in the figure below, all management experts agree that around 80% of the performance of any organization depends on the quality of the systems used. That is why the focus of PMES is on improving management control systems within the Government.



6.3 Shift in Focus from “Reducing Quantity of Government” to “Increasing Quality of Government”

Figure below depicts a distinct world-wide trend in managing government performance. In response to perceived dissatisfaction with performance of government agencies, governments around the world have taken certain steps. These steps can be divided into two broad categories: (a) reduction in quantity of government, and (b) increase in quality of government. Over time most governments have reduced their focus on reducing the quantity of government and increased their focus on improving the quality of government. The former is represented by traditional methods of government reform such as golden handshakes, cutting the size of government departments, outright sale of public assets through privatization.



The policies undertaken by various governments to increase the quality of government can be further classified into two broad approaches: (a) Trickle-down approach, and (b) Direct Approach.

PMES falls under the category of trickle-down approaches as it holds the top accountable and the accountability for results eventually trickles down to the lowest echelons of management. It creates a sustainable environment for implementing all reforms. The generic name of PMES is Performance Agreement. These approaches have a sustainable impact on all aspects of performance in the long run. The Direct approach, on the other hand, consists of many instruments of performance management that have a direct impact on some aspect of performance. Thus these approaches are complementary and not substitutes for each other. In fact, PMES also makes use of these direct approaches by making citizens' charter and grievance redressal systems a mandatory requirement for all government departments in their RFDs.



7. What has been the progress in implementation?

Today, PMES covers some 80 departments of Government of India and 800 responsibility Centres (Attached Offices, Subordinate Offices and Autonomous Bodies) under these departments (Annex A). In addition 17 States of the Indian Union are at various stages of implementing it at state level. In Punjab, the Government has also experimented with RFDs at district level. Whereas, in Assam RFDs have been implemented at the level of Responsibility Centres. The following figure describes the progress in the implementation of RFD thus far:

Current Coverage of RFD Policy	
2009-2010	59 Departments
2010-2011	62 Departments
2011-2014	80 Departments
	74 RFDs for Departments
	6 Departments RFDs for RCs
	800 Responsibility Centers
	17 States

As can be seen from this Figure, the RFD policy has stabilized in terms of coverage of department since 2011. Following 17 States are at various stages of implementing the RFD policy:

Implementation at State-Level	
Already Begun Implementation	
1. Maharashtra	9. Tripura
2. Punjab	10. Rajasthan
3. Karnataka	11. Andhra Pradesh
4. Kerala	12. Mizoram
5. Himachal Pradesh	13. Jammu & Kashmir
6. Assam	14. Meghalaya
7. Haryana	15. Odisha
8. Chhattisgarh	16. UP (request)
	17. Puducherry (request)

8. Implementation of Key Administrative Reforms through RFD

Essentially an RFD represents a mechanism to implement policies, program and projects. However, these policies, programs and projects can be divided into two categories. One relates only to a department (or, more specifically, departmental mandate) and the other category of policies are applicable across all departments. The latter category is included in Section 2 of RFD as ‘*Mandatory Objectives*.’ Over the past five years several key administrative reform initiatives have been implemented using the RFD mechanism. These are not new initiatives, but they were not being implemented effectively in the Government due to lack of accountability and absence of a follow-up system. RFD filled these two voids and ramped up the implementation. The following table summarizes some of the key initiatives implemented via RFD mechanism.

SCOPE OF RFD	
2010-2014	Citizens' / Clients' Charter
	Grievance Redress Mechanism
	ISO 9001 in Government
	Corruption Mitigation Strategies
	Innovation in Government
	Implementing RTI in Government
	Compliance with CAG Audit

While it is not possible to describe the rich implementation experience with regard to each of the initiative mentioned above, Readers are encouraged to visit PMD website (www.performance.gov.in) for detailed guidelines and progress in implementation.

9. Use of G 2 G Software to manage RFD implementation

In collaboration with NIC, PMD, Cabinet Secretariat, has developed a powerful software to allow all transactions related to implementation of RFD to be conducted on-line. This software is called Results Framework Management System (RFMS) and it enables online:

- preparation of the Results Framework Document (RFD)
- preparation and annual monitoring of the Clients' / Citizens' Charters (CCC)
- monitoring and evaluation of departmental performance on an annual and monthly basis

It is mandatory for all departments to use RFMS software for preparing and submitting RFDs. RFMS has already led to use of less paper and it is expected to eventually lead to a paperless environment for implementing RFDs.



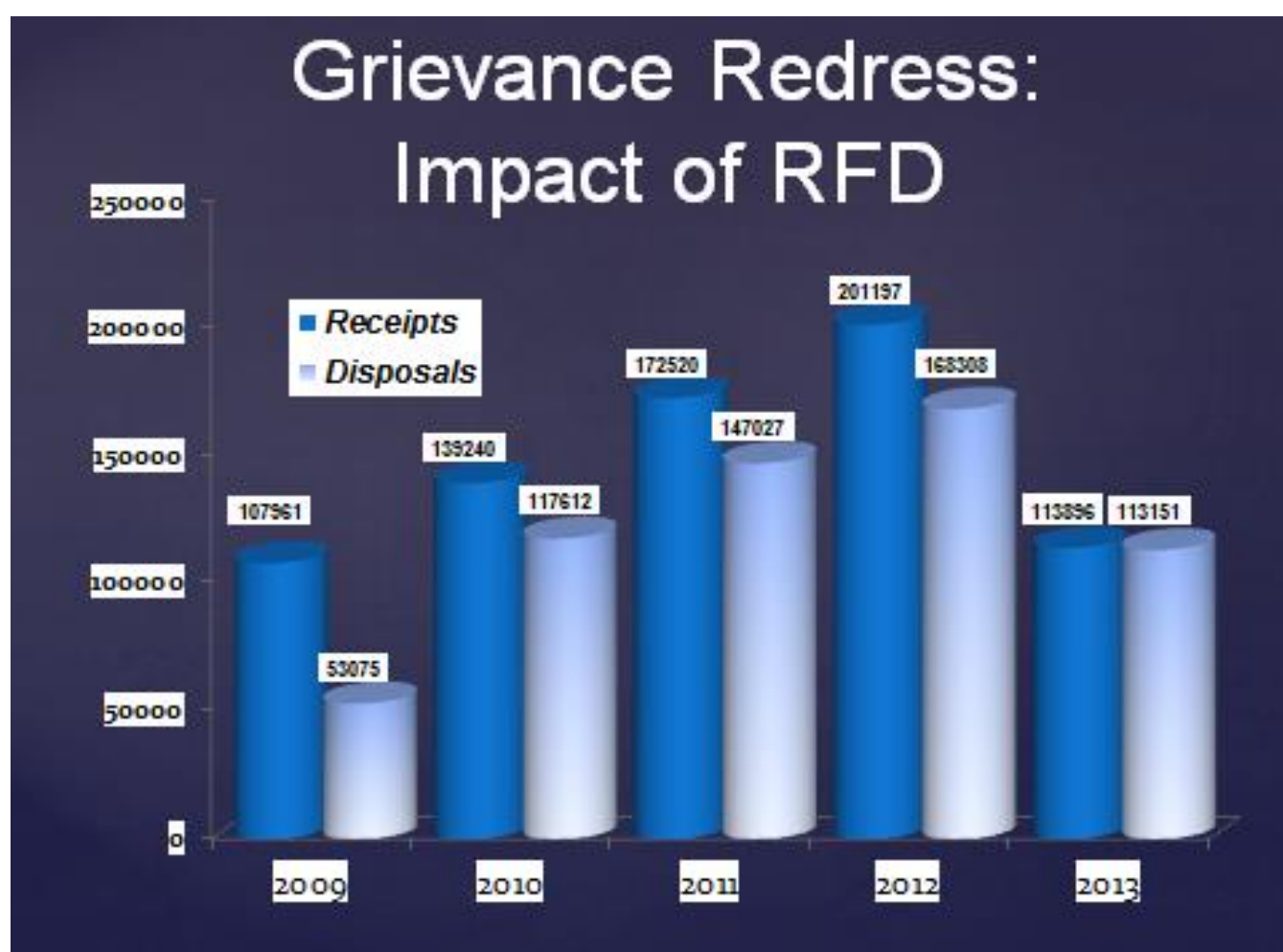
10. Impact of PMES / RFD

Any system takes a long time to implement and reach its full potential. Thus impact of systems cannot be evaluated in the short term. If we looked at the impact of systems in the short term, policy makers would stop taking a long term perspective.

In addition, it is important to keep in mind that the system has not been fully implemented. Some of the key features are still in a disabled mode. For example, not all departments are covered by the RFD system. It is argued by some departments that what is good for goose is also good for gander. They argue that unless finance and planning are brought under this common accountability framework, they will remain the weak links in the chain of accountability. Similarly, it is argued that Government needs to demonstrate consequences for performance or lack thereof. As the old saying goes: "If you are not rewarding success, you are probably rewarding failure."

In spite of incomplete implementation, it is, however, encouraging to note preliminary evidence that is beginning to trickle in. As you can see from the figure below, before the introduction of a success indicator for measuring performance with respect to Grievance

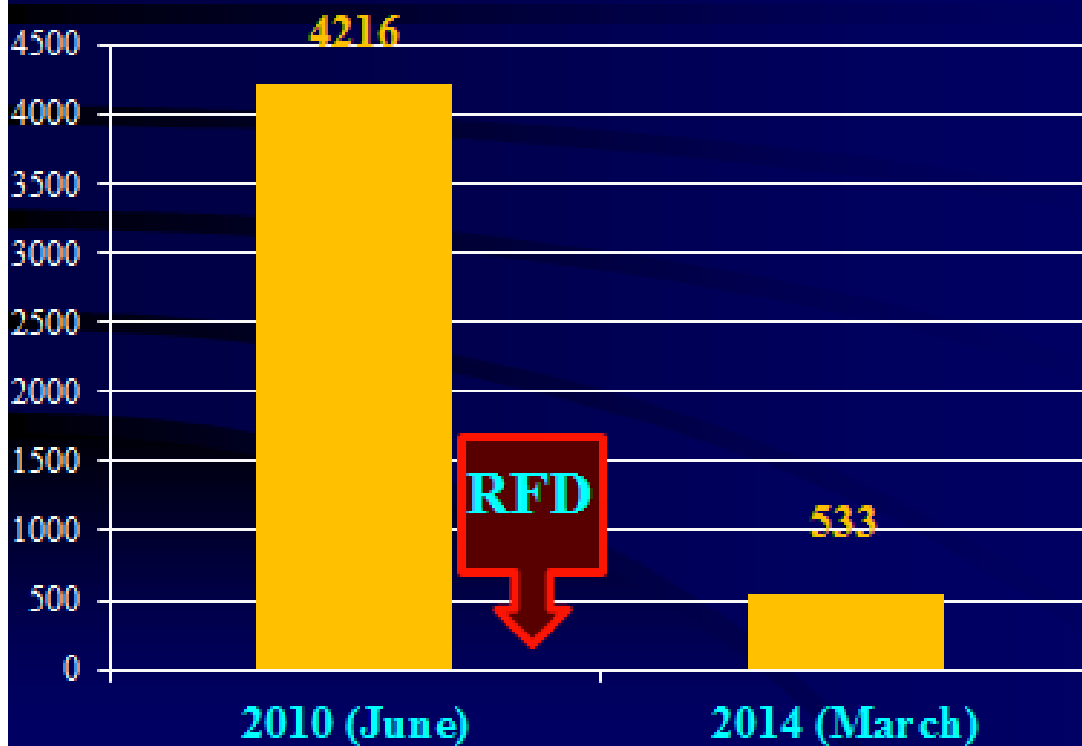
Redress in RFD, the difference between grievances received and disposed was significant. In 2009, only about 50% of grievances registered on the computerized grievance redress system were disposed. In 2013, after three years of RFD implementation the disposal rate for grievances filed electronically is 100%. The data for this statistic is generated and owned by another department in Government of India, the Department of Administrative Reform and Public Grievances (DARPG), so there is no conflict of interest in presenting it as evidence on behalf of PMD. According to staff of DARPG, before Grievance Redress became a mandatory performance requirement in RFDs, it was widely ignored. If RFD has modified behavior in this area, it is reasonable to believe that it has had impact in other areas as well.



Similarly, at the request of the Ministry of Finance, mandatory indicators dealing with timely disposal of CAG paras were introduced in the 2011-12 RFDs. At the time of introduction the total pendency of paras was 4216. As can be seen from the figure given below, by 2013-14 pendency of CAG paras had come down to 533.

Impact of RFD

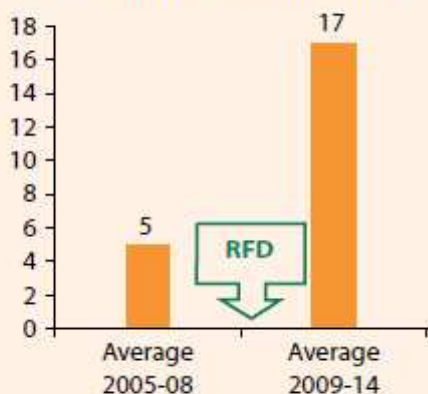
Reduction in Pendency of CAG Paras in GOI



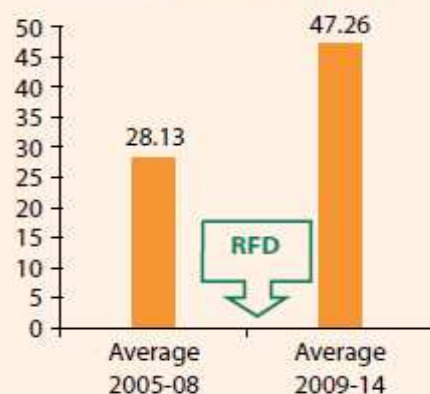
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A quick glance at RFD data yield innumerable examples of dramatic turnaround as a result of introduction of RFD. In the following figure we give a few examples to show before and after impact on several important economic and social indicators. The figures on the next page are self explanatory.

Coverage of OBC students for Post-matric scholarship



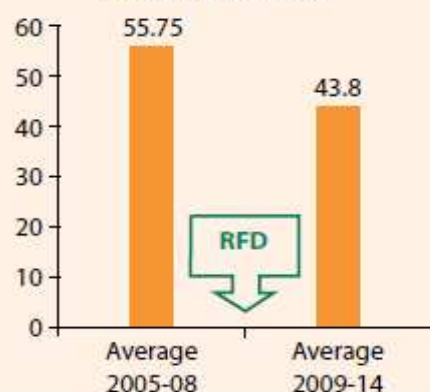
Coverage of SC students for Post-matric scholarship



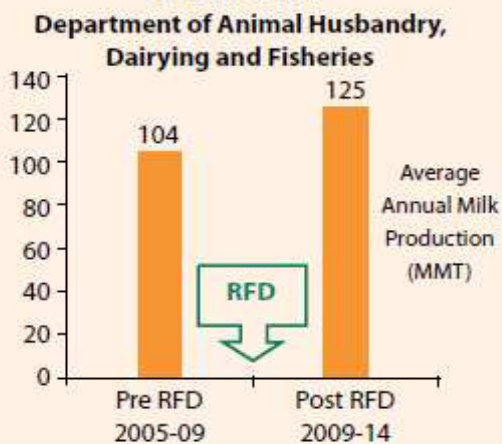
Rural Teledensity
(Average Annual Growth Rate)
Department of Telecommunications



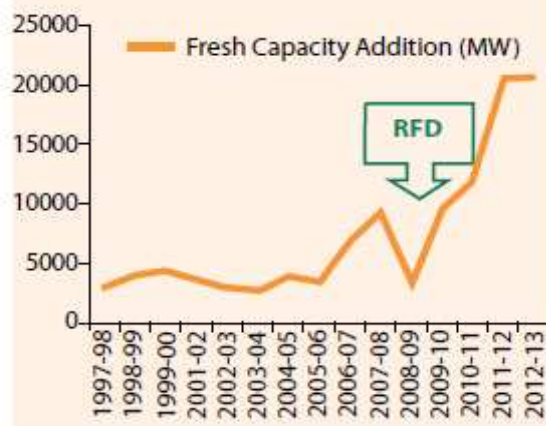
Reduction in Infant Mortality Rate (IMR) per 1000 live births
Ministry of Welfare



Increase in Enhancement of Milk Production



Fresh Capacity Addition of Power
Ministry of Power



Another piece of early evidence comes from a Ph.D. thesis submitted to the Department of Management Studies, Indian Institute of Technology (IIT), Delhi. This research study was undertaken with the objective to provide an integrated perspective on Results Framework Document (RFD) in the emerging technological and socio-economic context. The study analysed the structure and processes of the ministries and their impact on the effectiveness of the RFD process. The effort was to identify the gaps and overlaps that exist while implementing the initiative under the Central Government dispensation.

The study based its analyses on the executive perceptions of members of All India Services /Central Services /Central secretariat services with a seniority of Under Secretary and above, obtained through a structured questionnaire based survey. A sample size of 117 officers was taken. The findings were corroborated and refined based on semi-structured interviews of senior civil servants.

The research revealed that the RFD process has been perceived to contribute significantly in following areas of Governance:

- i. Objective assessment of schemes and programs being implemented by the Ministries in Government of India
- ii. Development of a template to assess the performance of ministries objectively
- iii. Facilitating objective performance appraisal of civil servants.
- iv. Inculcating Performance orientation in the civil servants by channelizing their efforts towards meeting organizational objectives
- v. Facilitating a critical review of the schemes, programs and internal organisational processes for bringing in required reforms.
- vi. Facilitating the policy makers to relook and redefine the ministry's vision, mission and objectives.

Another robust source of information comes from practitioners who have seen both systems – old and new. For example, Mr. J. N. L. Srivastava, Former Secretary to Government of India, outlined the following advantages of the RFD system:

- i) The timeline as Success Indicator has accelerated the process of decision making, issue of sanctions and release of funds, etc.
- ii) In the past, monitoring of various programmes has been *ad hoc* and many times unattended. The RFD system has helped in development and adoption of better and regular systems of monitoring and faster introduction of IT based monitoring systems.
- iii) With a focus on RFDs for the Responsibility Centres which are directly involved in implementation of the schemes, the implementation of the programmes and its monitoring has improved.

Similarly, Mr. S. P. Jakhanwal, Former Secretary Coordination in the Cabinet Secretariat say that: “impact of RFD system may not be limited from the perspectives of figures of achievements against targets. In the last five years, RFD system has impacted on the performance of the ministries / departments of the central government in many ways:

- i) New Initiatives (left out earlier) were identified in consultation with the Ministries

- ii) Larger outputs / More efficient delivery system / reducing time in delivery of services
- iii) Schemes were made more self-supporting with higher generation of revenues
- iv) Realistic targets (as against soft or unrealistic targets) were agreed to during discussions with the ministries.

He goes on to give several examples in each of the above categories. His entire comments are available on www.performance.gov.in

Another very persuasive argument in support of PMES / RFD comes from one of the world's top three credit rating agency – Fitch India Ratings and Research. Known for their objectivity and credibility, Fitch goes on to say:

“PMES – A Step in the Right Direction: India Ratings & Research (Ind-Ra) believes that the ‘Performance Monitoring and Evaluation System’ (PMES) is an opportune step to improve public governance and deliver better public goods/services in India.” “Ind-Ra believes that PMES is ... in line with international best practices. The overall objectives of the PMES are in sync with the new union government’s focus on ‘minimum government and maximum governance.’ Ind-Ra believes that the PMES introduced by the previous government should not only continue, but also be strengthened with time.”

The entire Fitch Report flushing out the above argument in a systematic way is available at: <http://www.indiaratings.co.in/upload/research/specialReports/2014/6/27/indra27GoI.pdf>

Finally, as we shall see in the next section, the impact of a policy similar to RFD has had dramatic impact on the performance of public enterprises in India. We hope in a few years’ time, the impact of RFDs would be judged to be as dramatic as it has been in the case of MOUs.

11. RFD versus Memorandum of Understanding (MOU)

11.1 About MOU

The Memorandum of Understanding (MoU) is a negotiated document between the Government, acting as the owner of Centre Public Sector Enterprise (CPSE) and the Corporate Management of the CPSE. It contains the intentions, obligations and mutual responsibilities of the Government and the CPSE and is directed towards strengthening CPSE management by results and objectives rather than management by controls and procedures.

The beginnings of the introduction of the MoU system in India can be traced to the recommendation of the Arjun Sengupta Committee on Public Enterprises in 1984. The first set of Memorandum of Undertaking (MoU) was signed by four Central Public Sector Enterprises for the year 1987-88. Over a period of time, an increasing number of CPSEs was brought within the MoU system. Further impetus to extend the MoU system was provided by

the Industrial Policy Resolution of 1991 which observed that CPSEs “will be provided a much greater degree of management autonomy through the system of Memorandum of Undertaking.”

Today, as many as 200 CPSEs (including subsidiaries and CPSEs under construction stages) have been brought into the fold of the MoU system. During this period, considerable modifications and improvements in the structure of and procedures for preparing and finalizing the MoUs have been affected. These changes have been brought about on the basis of experience in the working of the MOU system and supported by studies carried out from time to time by expert committees on specific aspects of the MoU system.

Broadly speaking, the obligations undertaken by CPSEs under the MoU are reflected by three types of parameters i.e. (a) financial (b) physical and (c) dynamic. Considering the very diverse nature of activities in which CPSEs are engaged. It is obviously not possible to have a uniform set of physical parameters. These would vary from enterprise to enterprise and are determined for each enterprise separately during discussions held by the Task Force (TF) with the Administrative Ministries and the CPSEs. Similarly, depending on the corporate plans and long term objectives of the CPSEs, the dynamic criteria are also identified on an enterprise-specific basis.

11. 1 Comparison and Contrast with RFD

RFD and MOU systems are exactly the same in their conceptual origins and design. The differences are mostly cosmetic. A large part of success of RFD system can be traced to the successful experience of implementing MOUs in the public enterprise sector.

Similarities between RFD and MOU systems

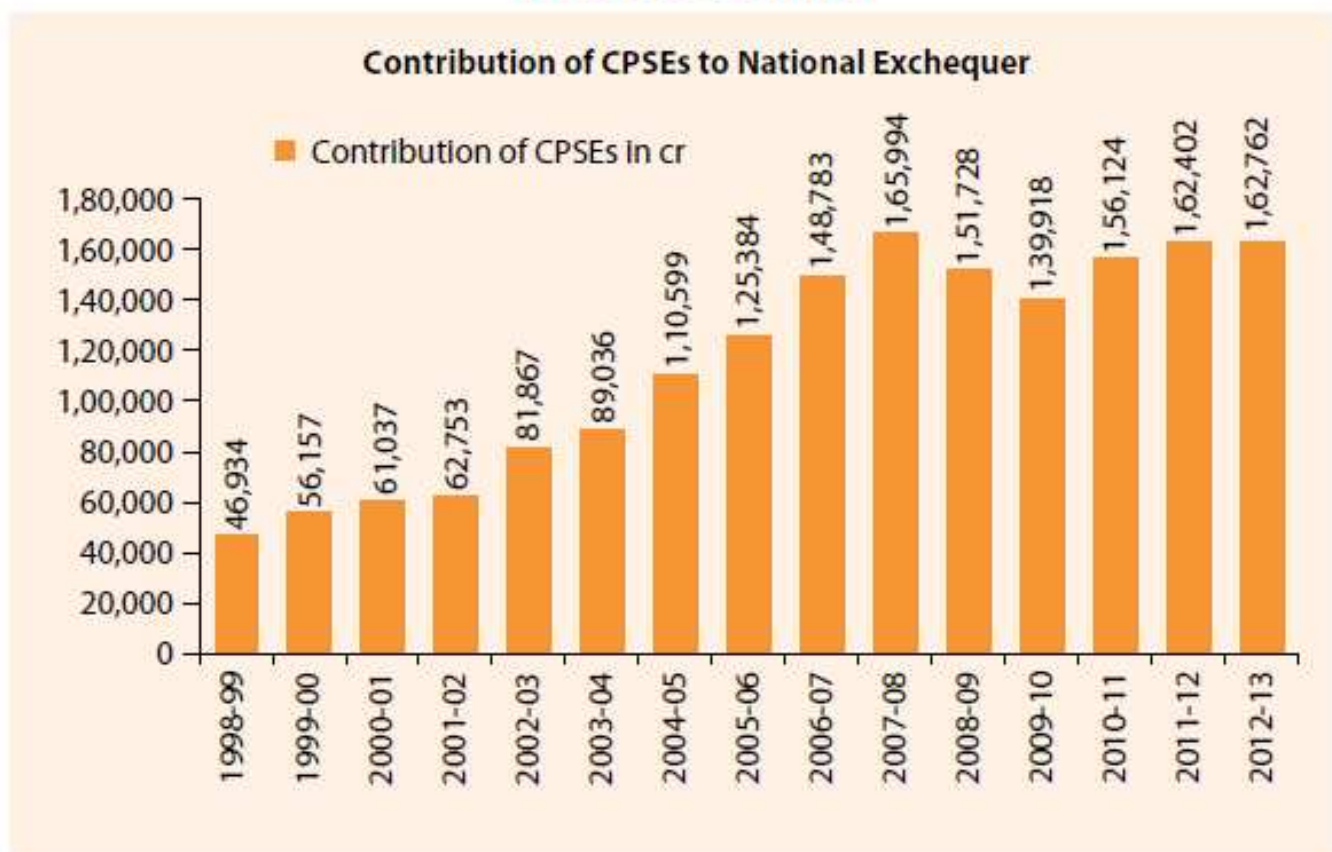
1. Both represent an agreement between a ‘principal’ and an ‘agent’.
 - a. RFD is between Minister (Principal) and Departmental Secretary (Agent).
 - b. MOU is between departmental Secretary (Principal) and Chief Executive of the public enterprise (Agent)
2. Both have similar institutional arrangements.
 - a. The quality of both is reviewed by ATF (non-government body of experts)
 - b. Both are approved by High Powered Committees chaired by the Cabinet Secretary.
3. Both use a Composite Score to summarize the overall performance. The methodology for calculating the Composite Score is same.
 - a. The RFD Composite Score reflects the performance of Government Department
 - b. The MOU Composite Score reflects the performance of public enterprise.

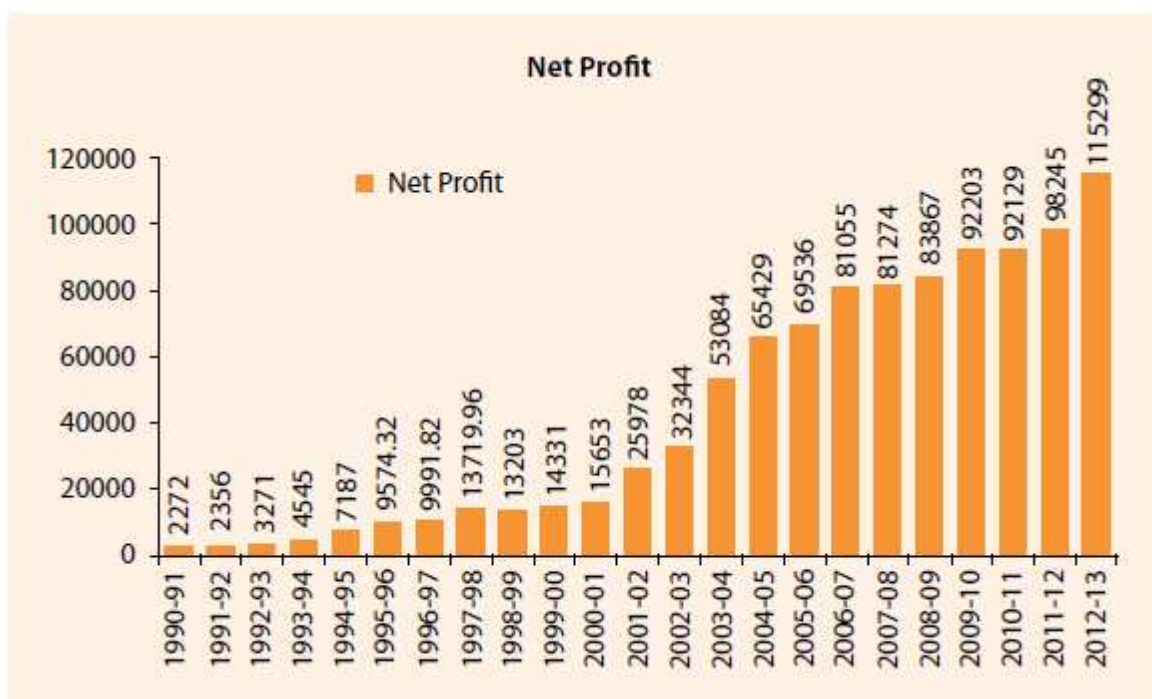
Differences between RFD and MOU

1. One significant and substantive difference is with regard to incentives for performance. MOU score is linked to a financial incentive for public enterprise employees, whereas RFD score is not yet linked to financial incentives.
2. Cosmetically RFD and MOU differ in terms of the scale used. RFD uses a 0% - 100% scale, whereas, MOU has a five point scale from 1-5.

The MOU system has had a major impact on the performance of public enterprise. While, this is true with regard to a wide range of parameters, we present the impact of MOU system on the surplus generated for the exchequer and trend in net profits for Central Public Sector Enterprises (CPSEs).

Figure 21: Contribution of CPSEs to National Exchequer and their Net Profit earnings





As mentioned earlier, the distinctly positive impact of MOU on public enterprise performance is one of the reasons for Government's optimism about this contractual approach to performance management.

12. In Conclusion: A SWOT Analysis of PMES / RFD

While no management system is perfect, only an objective management analysis of a system can lead to improvements. In that spirit, we briefly summarize a SWOT analysis of the system.

Strengths:

- PMES has stabilized and it is widely understood and accepted.
- The quality of the evaluation system has improved over the past five years
- It is considered to be state-of-the-art evaluation methodology by independent and informed observers. This was re-affirmed by international experts in a Global Roundtable organized by the Performance Management Division, Cabinet Secretariat.
- 17 States cutting across political lines have initiated implementation of PMES and hence there will be no political opposition to a revamped PMES.

Weaknesses:

- In the absence of a performance related incentive scheme (PRIS), it is difficult to sustain motivation. Implementation of PRIS has been recommended since the 4th Central Pay Commission in 1987 and it is time to implement it.

- The current system of Performance Appraisal Reports in Government can be improved further and linked to RFD. Today officers get almost perfect scores but the department gets only modest score. This disconnect has to be eliminated.
- While the results of RFD are placed in the Parliament, they need to be publicized more widely to have greater impact on behavior of officials.
- The connection between performance and career advancement should become more apparent.

Opportunities:

- There is a clear hunger in the world, as well as India, for good governance and accountability through rigorous evaluation.
- This is a very normal way to manage any organization (public or private) and citizens expect this to happen in Government.
- The entire machinery for accountability for results through rigorous evaluation is in place and can become truly effective with strong political leadership
- This is one of the easiest aspects of governance for citizens to comprehend.

Threat:

- Any delay in further enhancing the effectiveness of PMES and RFD will lead to disillusionment as it did with previous efforts like the Performance Budget and Outcome Budget.

ANNEXURE - A **LIST OF MINISTRIES / DEPARTMENTS REQUIRED TO PREPARE** **RESULTS-FRAMEWORK DOCUMENT (RFD)**

	Department/ Ministry
1.	D/o Administrative Reforms and Public Grievances
2.	D/o Agricultural Research and Education
3.	D/o Agriculture & Cooperation
4.	D/o AIDS Control
5.	D/o Animal Husbandry, Dairying & Fisheries
6.	D/o AYUSH
7.	D/o Bio-Technology
8.	D/o Chemicals & Petro-Chemicals

9.	D/o Commerce
10.	D/o Consumer Affairs
11.	D/o Defence Production
12.	D/o Defence Research and Development
13.	D/o Disability Affairs
14.	D/o Disinvestment
15.	D/o Ex-Servicemen Welfare
16.	D/o Fertilizers
17.	D/o Food & Public Distribution
18.	D/o Health & Family Welfare
19.	D/o Health Research
20.	D/o Heavy Industries
21.	D/o Higher Education
22.	D/o Industrial Policy Promotion
23.	D/o Electronics and Information Technology
24.	D/o Justice
25.	D/o Land Resources
26.	D/o Legal Affairs
27.	Legislative Department
28.	D/o Official Languages
29.	D/o Pension and Pensioners Welfare
30.	D/o Personnel and Training
31.	D/o Pharmaceuticals
32.	D/o Posts

33.	D/o Public Enterprises
34.	D/o Rural Development
35.	D/o School Education & Literacy
36.	D/o Science & Technology
37.	D/o Scientific & Industrial Research
38.	D/o Space
39.	D/o Sports
40.	D/o Telecommunications
41.	D/o Youth Affairs
42.	M/o Civil Aviation
43.	M/o Coal
44.	M/o Corporate Affairs
45.	M/o Culture
46.	M/o Development of North Eastern Region
47.	M/o Drinking Water & Sanitation
48.	M/o Earth Science
49.	M/o Environment & Forests
50.	M/o Food Processing Industries
51.	M/o Housing & Urban Poverty Alleviation
52.	M/o Information & Broadcasting
53.	M/o Labour & Employment
54.	M/o Micro, Small & Medium Enterprises
55.	M/o Mines
56.	M/o Minority Affairs

57.	M/o New & Renewable Energy
58.	M/o Overseas Indian Affairs
59.	M/o Panchayati Raj
60.	M/p Petroleum & Natural Gas
61.	M/o Power
62.	M/o Railways
63.	M/o Road Transport & Highways
64.	M/o Shipping
65.	M/o Social Justice & Empowerment
66.	M/o Statistics & Programme Implementation
67.	M/o Steel
68.	M/o Textiles
69.	M/o Tourism
70.	M/o Tribal Affairs
71.	M/o Urban Development
72.	M/o Water Resources
73.	M/o Women & Child Development

**LIST OF MINISTRIES / DEPARTMENTS REQUIRED TO PREPARE
RESULTS-FRAMEWORK DOCUMENT (RFD) FOR RESPONSIBILITY CENTRES (RCs)**

	Department/ Ministry
1.	D/o Financial Services
2.	D/o Economic Affairs
3.	D/o Expenditure
4.	D/o Revenue

5.	D/o Home Affairs
6.	M/o External Affairs

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PART 3

PERFORMANCE-RELATED INCENTIVE SCHEME

Performance Related Incentive Scheme (PRIS)

1. Background

The Sixth Pay Commission was set up by the Government of India on October 5, 2006, and it submitted its report on March 24, 2008. These recommendations were considered by the Government and a decision was taken to accept them (with some modifications) as a package on August 29, 2008.

These recommendations can be broadly divided into two categories dealing with: (a) level and structure of benefits; and (b) performance related incentives. The former have since been implemented whereas the latter have not been implemented as yet.

Payment of incentives based on performance is not a new concept. The earlier two Pay Commissions i.e. Fourth and Fifth Pay Commissions had also commented on the issue of rewarding performance. The Fourth Central Pay Commission had recommended variable increments for rewarding better performances in 1987. The Fifth Central Pay Commission had recommended in 1997 a scheme of performance-related increments for all Central Government employees where an extra increment was to be paid to the exceptionally meritorious performers with the under-performers being denied even the regular/normal increment.

Given the central role that incentives play in improving performance of employees in public and private sectors, it is a matter of urgency to implement a performance related incentive scheme.

2. Purpose of this Section

This Section is intended to outline the details of a Performance Related Incentive Scheme (PRIS) for Central Government employees as proposed by the Department of Personnel and Training (DOPT).

3. Concept of a Performance-Related Incentive

A Performance Related Incentive (PRI) is defined as the variable part of pay which is awarded each year (or on any other periodic basis) depending on performance. PRI schemes are applied at the individual employee level and at the team/group level. The definition of PRI excludes:

- Any automatic pay increases by, for example, grade promotion or service-based increments (not linked to performance);
- Various types of allowances which are attached to certain posts or certain working conditions (for example, over time allowances, allowances for working in particular geographical areas)

4. Proposed Design for Performance Related Incentive Scheme

Any Performance Related Incentive Scheme has basically two parts. One part measures the performance of the entity (organization, team, or individual). The second part links the performance to financial incentives. The discussion that follows in this section is accordingly divided into two parts.

4.1 Performance Measurement Methodology

Performance for the Government is not measured in terms of profit, but in terms of achieving societal goals and desired outcomes, such as, reduction of crime, enhancing the quality of life, reducing infant mortality etc. Performance is effective service delivery and responsiveness to stakeholders. In the Governmental context, performance can be defined as the ability of the Government to acquire resources and to put these resources to their most efficient use (input-output relationship) and to achieve the desired outputs and outcome goals (output-outcome relationship). It is the shift from inputs-process emphasis (efficiency) to results, social goals and outcomes (effectiveness). Performance can, in the final analysis, only be viewed in terms of the final deliverables to the user/stakeholder.

The proposed methodology for the performance measurement system for government department consists of six steps and is consistent with the methodology for Results-Framework Documents (RFDs).¹ Five of the six steps are taken at the beginning of the year (as part of a Performance Measurement System) and one at the end.

Step 1: Select Key Departmental Objectives

Objectives represent the developmental requirements to be achieved by the department in a particular sector by a selected set of policies and programmes over a specific period of time (short-medium-long). For example, objectives of the Ministry of Health & Family Welfare could include: (a) reducing the rate of infant mortality for children below five years; and (b) reducing the rate of maternity death by (30%) by the end of the development plan.

Objectives could be of two types: (a) Outcome Objectives address ends to achieved, and (b) Process Objectives specify the means to achieve the objectives. As far as possible, the department should focus on Outcome Objectives.²

Objectives should be directly related to attainment and support of the relevant national objectives stated in the relevant Five Year Plan, National Flagship Schemes, and relevant sector and departmental strategies.

Objectives should be linked and derived from the Departmental Vision and Mission statements.

Step 2: Assign Relative Weights to Objectives

Objectives in the Performance Measurement System should be ranked in a descending order of priority according to the degree of significance and specific weights should be attached to these objective. All weights must add to 100.

Step 3: Specify Means (Actions) for Achieving Departmental Objectives

¹ Prime Minister has approved the “Results-Framework Documents” for all Government departments as part of the Performance Monitoring and Evaluation System.

² Often a distinction is also made between “Goals” and “Objectives.” The former is supposed to be more general and latter more specific and measurable. The Vision and Mission statement are expected to capture the general direction and future expected outcomes for the department. Hence, only the inclusion of objectives in the Performance Measurement System is required.

For each objective, the department must specify the required policies, programmes, schemes and projects.

Step 4: Specify Success Indicators

For each of the means/actions specified in Step 3, Ministry/Department must specify one or more success indicators or Key Performance Indicators (KPIs). A success indicator provides a means to evaluate progress in achieving the policy, programme, scheme and project. Sometimes more than one success indicator may be required to tell the entire story.

Success indicators are important management tools for driving improvements in departmental performance. They should represent the main business of the organization and should also aid accountability. A good set of targets should help the parent ministry, department, and the general public judge how well the department is being run, and how well it is implementing the Five Year Plan objectives.

The weight assigned to a particular objective should be spread across the relevant success indicators.

Step 5: Specify Targets for Success Indicators

The next step is to choose a target for each success indicator. In setting targets Ministry/Department should consider the best mix of volume, quality, customer service, efficiency and financial performance targets given their business priorities. A good set of targets can balance the pursuit of improved service delivery with the need to provide value for money.

Targets are tools for driving performance improvements. Target levels should, therefore, contain an element of stretch and ambition. However, they must also be achievable. It is possible that targets for radical improvement may generate a level of discomfort associated with change, but excessively demanding or unrealistic targets may have a longer-term demoralizing effect.

The target should be presented as the following five-point scale

Excellent	Very Good	Good	Fair	Poor
100 %	90%	80%	70 %	60 %

It is expected that budgetary targets would be placed at 90%. For any performance below 50%, the department would get a score of 0%.

Together these steps 1-5 can be in a tabular form as represented in Table 1.

Table 1: Structure of a Performance Measurement System (at the beginning of the year)

Step 1	Step 2	Step 3		Step 4	Step 5				
Objective	Actions	Success Indicator	Unit	Weight	Target / Criteria Value				
					Excellent	Very Good	Good	Fair	Poor
					100%	90%	80%-	70%	60%
Objective 1	Action 1								

	Action 2								
	Action 3								
Objective 2	Action 1								
	Action 2								
	Action 3								
Objective 3	Action 1								
	Action 2								
	Action 3								

Step 6: Performance Evaluation

The sixth and final step is taken at the end of the year, when we look at the achievements of the government department, compare them with the targets, and determine the composite score. Table 2 provides an example from the health sector.

The Raw Score for Achievement in Table 2 is obtained by comparing the achievement to the agreed target values. The Weighted Raw Score for Achievement is obtained by multiplying the Raw Score with the relative weights. Finally, the Composite Score is calculated by adding up all the weighted achievements.

The composite score shows the degree to which the government department in question was able to meet its objective. The fact that it got a score of 84.5 % in our hypothetical example implies that the department's performance vis-à-vis this objective was rated as "Very Good."

The methodology outlined above is transcendental in its application. Various departments will have diverse set of objectives and corresponding success indicators. Yet, at the end of the year every department will be able to compute its Composite Score for the past year. This Composite Score will reflect the degree to which the department was able to achieve the promised results.

4.2.1 Total Incentive

A Ministry/Department will get a total incentive decided as per the following formula:

$$\text{Total Incentive payment} = [.15] \times \left\{ \left[\frac{\text{Composite Score} - 70}{30} \right] \times [C_0 - C_1] \right\}$$

$C_0 = \text{Budgeted Expenditure / Cost}$
 $C_1 = \text{Actual Expenditure / Cost}$

Where:

C_0 = Budgeted Cost in a particular year
 C_1 = Actual Cost in a particular year

The Cost for this purpose is defined as all inflation adjusted non-plan (operational / overhead costs).

The proposed incentive scheme has the following implications:

- d. The maximum incentive payment can be only 15% of the cost savings over previous year. This will be given to the department only if they achieve a composite score of 100% (Excellent). Thus, to receive the maximum bonus, the department must not only reduce costs compared to budgeted amount but also achieve excellence in the delivery of services and other performance commitments.
- e. No incentive would be paid if the composite score is less than 70%. Thus cutting costs that affect quality and effectiveness of delivery of services would not be a viable strategy for departments.
- f. The amount of incentive calculated using this formula sets the upper limit for the distribution.

4.2.2 Distribution of the Incentive

For the purpose of distribution of the incentive we consider three categories of employees in Government departments:

- d. Head of the Department (Secretary)
- e. Head of the Division (Joint Secretary)
- f. Others

Table 2: Hypothetical Example from the Health sector

Step 1	Step 2	Step 3		Step 4	Step 5					Step 6			
Objective	Action	Criteria / Success Indicators		Unit	Weight	Target / Criteria Values					Achievement	Raw Score	Weighted Raw Score
						Excellent	Very Good	Good	Fair	Poor			
						100%	90%	80%	70%	60%			
Better Rural Health	Improve Access to Primary Health Care	1	% Increase in number of primary health care centers	%	.50	30	25	20	10	5	15	75%	37.5%
		2	% Increase in number of people with access to a primary health center within 20 KMs	%	.30	20	18	16	14	12	18	90%	27%
		3	Number of hospitals with ISO 9000 certification by December 31, 2009	%	.20	500	450	400	300	250	600	100%	20%
Composite Score =												84.5%	

4.2.2.1 Performance related Incentives for Head of the Department (Secretary)

The Head of the Department (HOD) will get an incentive that is totally correlated with the performance of the department under her /his management. As depicted in Table 3, in Phase 1 the HOD will get a maximum of 20 % if the Composite Score at the end of the year is 100%. There will be no payment if the value of the Composite Score is below 70%.

As will be discussed later in this Note, consistent with Sixth Pay Commission recommendation, it is proposed to introduce the performance related incentives in a phased manner.

Table 3: Incentive Payment for the Head of the Department

Value of the Composite Score	Incentive Payment (% of the Base Salary)		
	Phase 1	Phase 2	Phase 3
	1-3 years	4-6 years	6-9 years
100%	20%	30%	40%
90%	10%	15%	20%
80%	5%	10%	15%
70%	0%	0%	0%

The incentive for Special Secretaries and Additional Secretaries will be the same as that for the Secretary. However, if an Additional Secretary is responsible for a division, the incentives would be determined using the scheme for Joint Secretaries outlined in the next section.

Further, the Secretary in charge of a Department will become eligible to receive incentive payment, when all other employees have been covered by an approved performance related incentive scheme.

4.2.2.2 Performance Related Incentives for the Head of the Division (Joint Secretary)

The performance related incentive for heads of the divisions within a Ministry/Department will depend on two factors:

- c. 30 % on departmental performance as measured by the Composite Score for the departmental performance measurement system (i.e. RFD), and
- d. 70 % Individual performance as measured by the Composite Score for the Divisional Performance Measurement System.

The Weighted Composite Score will be calculated as follows:

$$\text{Weighted Composite Score} = \left[.30 \times \text{Departmental Composite Score} \right] + \left[.70 \text{ Divisional Composite Score} \right]$$

The distribution of incentive payments to heads of divisions would depend on a similar payment schedule as the heads of the department. The difference would be that the relevant composite score in the case of heads of divisions would be based on the weighted score of departmental and divisional performance. Table 4 summarizes the incentive payout for heads of divisions.

Table 4: Incentive Payment for the Head of the Division

Value of the Weighted Composite Score	Incentive Payment (% of the Base Salary)		
	Phase 1	Phase 2	Phase 3
	1-3 years	4-6 years	6-9 years
100%	20%	30%	40%
90%	10%	15%	20%
80%	5%	10%	15%
70%	0%	0%	0%

4.2.4.3 Performance Related Incentives for Others

Given the diversity of departments and their mandates, departmental and divisional heads will have the flexibility to devise appropriate performance related incentive keeping the following broad guidelines in mind:

- e. The weight of departmental composite score should be in the range of 5%-15%. The lower level employees should be closer to 5%.
- f. The maximum level of PRI should not exceed 40% of the basic salary.
- g. The performance related incentive scheme should be approved by the Head of the Department at the beginning of the year.
- h. Each division will have the flexibility to adopt a different PRI scheme.
- i. The periodicity of payment of PRI should be linked to work process and the frequency of performance measurement and assessment.

5. Financial Implications

The proposed performance related incentive scheme is better than budget neutral—it is budget enhancing. The payments will come out of budgetary savings.

The maximum payment is determined by the formula in section 4.2.1 above. However, if the amount calculated by agreed incentive schemes is more than the cost savings, payments will be reduced proportionally to match the payments with the cost savings.

6. Implementation Plan

- a. As recommended by the Sixth Pay Commission, the proposed PRI scheme is proposed to be introduced on a voluntary basis.
- b. Any department wishing to avail of this scheme will have to have implemented RFD for two years.
 - i. The departmental performance measurement systems, as represented by RFDs, will continue to be approved by a High Power Committee on Government Performance chaired by the Cabinet Secretary. In addition to doing other tasks assigned by the Prime Minister, HPC on Government performance will also be required to approve the distribution of performance relative incentives.

PART 4

REFORM OF ANNUAL PERFORMANCE APPRAISAL REPORTS

Executive Summary

This note reviews the current Performance Appraisal Report (PAR) used for All India Services. The main problems and the proposed solutions are summarized below:

A. MAIN SHORTCOMINGS

The ineffectiveness of the current PAR system is a result of certain fundamental flaws in its conceptual design. It is further compounded by problems of implementation. This section will discuss these issues in greater details.

A.1 Conceptual Flaws

The performance evaluation methodology embedded in PAR system has the following major flaws:

- a. Lack of prioritization
- b. Poor Definitions of Standard Terms
- c. No Ex-Ante Agreement on Deviations from the Targets
- d. Deceptive Façade of Quantification
- e. No Ex-Ante Agreement on Definition
- f. Emphasis on Personality rather than Results
- g. Lack of Linkage between Individual and Organizational Performance

A.2 Procedural Flaws

- a. PARs are filled in Ex-Post
- b. Lack of Proper Training
- c. Lack of discipline in adhering to deadlines

B. PROPOSED REFORMS

- a. Change the Structure of Section Dealing with Results (Tasks and Deliverable)

The proposed methodology for the Performance Measurement System consists of seven steps and is consistent with the methodology for Results-Framework Documents.³

- b. Reduce the Weight for Personal Qualities and Functional Skills

The relative weight for Results-Framework should be 80% and the balance of 20% should be assigned to Personal Qualities and Functional Skills. Here too, there should be a very clear understanding of what is being measured and how it is being measured. In other words, we must reduce outright subjectivity to a minimum.

- c. Use more Rigorous Instruments for Assessing Personal Qualities and Functional Skills

- d. Use only the Results Framework for Performance Related Incentives

- e. Make Departmental Results-Framework Documents a Pre-Requisite for PAR

- f. Make the PAR Process Paperless

- g. Require Attendance in a Mandatory 2-Week Training Program

- h. Develop a Multimedia Self-Help Toolkit for PAR

³ Prime Minister has approved the “Results-Framework Documents” for all Government departments as part of the Performance Monitoring and Evaluation System.

PERFORMANCE APPRAISAL REPORT FOR ALL INDIA SERVICES

1. PURPOSE:

The purpose of this note is to review the current system of Performance Appraisal Report (PAR) as laid down in the All India Service (PAR) Rules, 2007, and suggest ways to improve the system.

2. BACKGROUND:

This review is prompted by the widespread dissatisfaction with the working of the PAR system at all levels. There is a perception that the attempts to quantify and bring objectivity have not been successful. Most officers expect to get a perfect score of 10 and usually get it. Thus, creating a situation where every individual officer is rated excellent yet the performance of the department as a whole is not considered anywhere close to being excellent.

Even though the current PAR system is barely three years old, it is clear that it is also not achieving its stated goals. The “General Guidelines for Filling up the Form” state:

“Performance appraisal should be used as a tool for career planning and training, rather than a mere judgmental exercise. Reporting Authorities should realize that the objective is to develop an officer so that he/she realizes his/her true potential. It is not meant to be a faultfinding process but a developmental tool.”

Contrary to expectations, the primary purpose of the PAR exercise seems to have become an instrument to judge officers. It is not seen to be playing any role in the development or training of officers.

3. SHORTCOMINGS OF THE CURRENT SYSTEM

The ineffectiveness of the current PAR system is a result of certain fundamental flaws in its conceptual design. It is further compounded by problems of implementation. This section will discuss these issues in greater details.

3.1 Conceptual Flaws

The performance evaluation methodology embedded in PAR system has the following major flaws:

b. Lack of prioritization

The list of tasks to be performed in Section II (Self Appraisal) is a simple listing of tasks. As a result it is impossible to evaluate performance of an officer objectively at the end of the year. For example, take a situation where an officer lists 15 tasks for the year and is able to meet the targets for 12 tasks. How does one rate his or her performance? It is possible that the three tasks that he could not accomplish are the key tasks and the others were of relatively less importance.

h. Poor Definitions of Standard Terms

In Section II, officers are required to list “deliverables.” The term is not clearly defined and could mean a “success indicator” or “target.” In the standard lexicon of performance evaluators, an example of a task would be: increase in automobile efficiency. The corresponding success indicator would be “miles per gallon MPG” of fuel consumed and the “target” would be a specific value of, say, 45 MPG.

i. No Ex-Ante Agreement on Deviations from the Targets

The implied definition of “deliverables” is closer to the concept of “targets.” If we take the deliverables to mean “targets” the current system once again fails to provide an objective evaluation at the end of the year. For example, let us say that one of the deliverables is “12 workshops in a year.” If at the end of the year the officer is able to deliver only 10 workshops, how are we to judge the officer’s performance? In fact, the whole exercise becomes subjective and thus defeats the original purpose.

j. Deceptive Facade of Quantification

The current PAR system is a highly subjective system which has a deceptive facade of quantification. For example, in Section III, Assessment of work output (item # 5) requires Reporting Officer and Reviewing Officers to give a score on a scale of 1 – 10 to “Accomplishment of Planned Work.” There is no prescribed methodology for doing so. Thus, the performance is likely to lie in the eyes of the evaluator.

k. No Ex-Ante Agreement on Definition

Section III, Assessment of work output (item # 5), also requires Reporting Officer and Reviewing Officers to give a score on a scale of 1 – 10 to Quality of Output. How is the quality of output to be judged? In the absence of an ex-ante agreement on the definition, the entire exercise is likely to be highly subjective.

Item # 6 (Assessment of Personal Attributes) and Item # 7 (Assessment of Functional Competency) suffer from same problem of subjectivity. For example, there is no standard definition to judge “sense of responsibility.”

Not only there are no definitions, these are some of the hardest and most controversial areas to evaluate.

l. Emphasis on Personality rather than Results

The current PAR system assigns 60% weight on Personal Attributes” and “Functional Competencies” and only 40% weight to work output. This lopsided emphasis on highly subjective aspects of an officer’s personality implies that it is possible for an officer to be weak in delivering results and yet get a high score. This design feature goes against the contemporary management thinking and practice. The latter tend to emphasize results and performance over personality.

m. Lack of Linkage between Individual and Organizational Performance

The current PAR system is exclusively focused on individual’s performance and not organizational performance. That explains the fallacy of composition mentioned above—individuals are excellent performers but the organization remains a poor performer.

3.2 Procedural Flaws

Even if there were no procedural flaws, the current PAR system would not work because it is both congenitally and conceptually flawed. That is, it does not even work in theory and hence there is a remote possibility of it working in practice. Unfortunately, the theoretical flaws become insignificant in view of the implementation issues outlined below.

d. PARs are filled in Ex-Post

In many, if not most, cases the tasks and deliverables are filled up after the fact. This allows a convenient way to write only what has been achieved and ignore what could not be achieved. This pretty much guarantees a perfect score of 10.

e. Lack of Proper Training

Performance appraisal is a science. Like any other discipline it too requires certain amount of training and capacity building. Large professional organizations (in public and private sectors) put in considerable effort in training their staff to manage performance appraisals.

f. Lack of discipline in adhering to deadlines

There are presently no consequences for not meeting the prescribed deadlines. This is true for all levels—reporting officer, reviewing authority, and accepting authority.

In view of these conceptual and procedural flaws it is not surprising that the PAR system is regarded as dysfunctional. The next section deals with

4. WAY FORWARD—PROPOSED REFORMS

The discussion on proposed reforms is divided into two parts. The first part outlines certain principles that are essential in re-inventing the current system. The second part outlines the changes required.

4.1 General Principles for Reforming PAR system

c. Comprehensive Action

It is important to make comprehensive changes. Just making changes to a sub-system in a large dysfunctional system may be similar to rearranging chairs on the Titanic. However, this must be balanced by another important principle of management—best cannot be allowed to

become the enemy of better. Thus, we must attempt to make changes that are clearly necessary for the system to improve.

d. Methodological Consistency

There should be methodological consistency among various elements of the Government's Performance Management System. Thus, at a minimum, we must ensure methodological consistency between PAR, Results-Framework Document, and the proposed Performance Related Incentive Scheme.

4.2 Proposed Reforms

i. Change the Structure of Section Dealing with Results (Tasks and Deliverables)

The proposed methodology for the Performance Measurement System consists of seven steps and is consistent with the methodology for Results-Framework Documents.⁴ Six of the seven steps are taken at the beginning of the year (as part of a Performance Measurement System) and one at the end.

Step 1: Select Relevant Departmental Objectives

Officers must first select the departmental objectives that are most relevant to their work.

Objectives represent the developmental requirements to be achieved by the department in a particular sector by a selected set of policies and programmes over a specific period of time (short-medium-long). For example, objectives of the Ministry of Health & Family Welfare could include: (a) reducing the rate of infant mortality for children below five years; and (b) reducing the rate of maternity death by (30%) by the end of the development plan.

Objectives could be of two types: (a) Outcome Objectives address ends to be achieved, and (b) Process Objectives specify the means to achieve the objectives. As far as possible, the department should focus on Outcome Objectives.⁵

⁴ Prime Minister has approved the "Results-Framework Documents" for all Government departments as part of the Performance Monitoring and Evaluation System.

⁵ Often a distinction is also made between "Goals" and "Objectives." The former is supposed to be more general and latter more specific and measurable. The Vision and Mission statement are expected to capture the general direction and future expected outcomes for the department. Hence, only the inclusion of objectives in the Performance Measurement System is required.

Objectives should be directly related to attainment and support of the relevant national objectives stated in the relevant Five Year Plan, National Flagship Schemes, and relevant sector and departmental strategies.

Objectives should be linked and derived from the Departmental Vision and Mission statements.

Step 2: Assign Relative Weights to Objectives

Objectives in the Performance Measurement System should be ranked in a descending order of priority according to the degree of significance and specific weights should be attached to these objective. All weights must add to 100.

Step 3: Specify Means for Achieving Departmental Objectives

For each objective, the officer must specify the required policies, programmes, schemes and projects.

Step 4: Specify Success Indicators

For each of the means specified in Step 3, the officer must specify one or more success indicators or Key Performance Indicators (KPIs). A success indicator provides a means to evaluate progress in achieving the policy, programme, scheme and project. Sometimes more than one success indicator may be required to tell the entire story.

Success indicators are important management tools for driving improvements in performance. They should represent the value added from the officers work to the organizational objectives.

The weight assigned to a particular objective should be spread across the relevant success indicators.

Step 5: Specify Targets for Success Indicators

The next step is to choose a target for each success indicator. In setting targets officers must consider the best mix of volume, quality, customer service, efficiency and financial performance targets given their business priorities. A good set of targets can balance the pursuit of improved service delivery with the need to provide value for money.

Targets are tools for driving performance improvements. Target levels should, therefore, contain an element of stretch and ambition. However, they must also be achievable. It is possible that targets for radical improvement may generate a level of discomfort associated with change, but excessively demanding or unrealistic targets may have a longer-term demoralizing effect.

The target should be presented as the following five-point scale

Excellent	Very Good	Good	Fair	Poor
100%	90%	80%	70 %	60 %

It is expected that budgetary targets would be placed at 90%. For any performance below 50%, the officer would get a score of 0%.

Together these steps 1-5 can be in a tabular form as represented in Table 1.

Table 1: Structure of a Performance Measurement System (at the beginning of the year)

Step 1	Step 2	Step 3		Step 4	Step 5				
Objective	Actions	Success Indicator	Unit	Weight	Target / Criteria Value				
					Excellent	Very Good	Good	Fair	Poor
					100%	90%	80%	70%	60%
Objective 1	Action 1								
	Action 2								
	Action 3								
Objective 2	Action 1								
	Action 2								
	Action 3								
Objective 3	Action 1								
	Action 2								
	Action 3								

Step 6: Performance Evaluation

The sixth and final step is taken at the end of the year, when we look at the achievements of the individual reporting officer, compare them with the targets, and determine the composite score. Table 2 provides an example from the health sector. The example is for a department but the methodology is the same for the individual as well.

The Raw Score for Achievement in Table 2 is obtained by comparing the achievement to the agreed target values. The Weighted Raw Score for Achievement is obtained by multiplying the Raw Score with the relative weights. Finally, the Composite Score is calculated by adding up all the weighted achievements.

The composite score shows the degree to which the reporting officer in question was able to meet his or her objectives. The fact that the officer got a score of 84.5 % in our hypothetical example implies that the officers's performance vis-à-vis this objective was rated as "Very Good."

The methodology outlined above is transcendental in its application. Various departments will have diverse set of objectives and corresponding success indicators. Yet, at the end of the year every department will be able to compute its Composite Score for the past year. This Composite Score will reflect the degree to which the department was able to achieve the promised results.

j. Reduce the Weight for Personal Qualities and Functional Skills

The relative weight for Results-Framework should be 80% and the balance of 20% should be assigned to Personal Qualities and Functional Skills. Here too, there should be a very clear

Table 2: Example of Performance Evaluation at the End of the Year

Column 1	Column 2	Column 3		Column 4	Column 5					Column 6			
Objective	Action	Criteria / Success Indicators		Unit	Weight	Target / Criteria Values					Achievement	Raw Score	Weighted Raw Score
						Excellent	Very Good	Good	Fair	Poor			
						100%	90%	80%	70%	60%			
Better Rural Health	Improve Access to Primary Health Care	1	% Increase in number of primary health care centers	%	.50	30	25	20	10	5	15	75%	37.5%
		2	% Increase in number of people with access to a primary health center within 20 KMs	%	.30	20	18	16	14	12	18	90%	27%
		3	Number of hospitals with ISO 9000 certification by December 31, 2009	%	.20	500	450	400	300	250	600	100%	20%
Composite Score =													84.5%

understanding of what is being measured and how it is being measured. In other words, we must reduce outright subjectivity to a minimum.

There should be no restriction on the scores for Results Framework. That is, if an officer delivers agreed results he should be given a score of 100%

However, there can be restriction on Personal Qualities and Functional Skills. Everyone can not be rated as being a superb leader. In any event, the scores here will be occasionally validated by Development Centers discussed next.

k. Use more Rigorous Instruments for Assessing Personal Qualities and Functional Skills

Assessing leadership qualities and competencies is a challenging task. However, all well-managed organizations undertake this task for their officers.

A good example of this point is provided by the methodology used by Mahindra & Mahindra for Measuring Leadership competencies. The modern practice is to occasionally use “Development Centres” or “Assessment Centres” to measure these higher level competencies. This exercise is resource intensive and can not be used on an annual basis. The Development Centers are used to validate the results of annual review of these competencies by managers.

l. Use only the Results Framework for Performance Related Incentives

Only the Results Framework should be used for Performance Related Incentives (PRI). Hence it is important to use a PAR methodology consistent with the methodology used for PRI.

m. Make Departmental Results-Framework a Pre-Requisite for PAR

The only way to ensure that all officers are pulling in the same directions is to have a Results-Framework at the departmental level prior to determining the contents of the individual PARs.

n. Make the PAR Process Paperless

To avoid delays and game playing the process should be web-based with online access on a 24x7 basis. This will have the following benefits:

- i. Much more confidential process
- ii. All delays can be tracked and corrected in time
- iii. PARs will be locked and hence reporting officers and reviewing officers will have to be sensitive to deadlines.

o. Require Attendance in a Mandatory 2-Week Training Program

Government of India will have to plan on a major training effort to launch a new and improved PAR system.

p. Develop a Multimedia Self-Help Toolkit for PAR

We will need to develop a modern multimedia toolkit for on-going capacity building. This will have to be part of a Communications Capsule.

5. CONCLUDING COMMENTS

The review of the current PAR system leaves no doubt that urgent reforms are needed. However, all the inherent problems in the current PAR system are fixable. A review of best practices at some of the leading Indian multinationals makes it clear that we do not have to go far to find the relevant solutions. Large multinationals face problems similar to government departments. Yet they have found effective solutions to well known problems. The Government can learn from their experience and design a system at par with the best. The sooner we start the better for the morale of the officers and performance of the Government.



R F D

(Results-Framework Document)

for

Department Of Agricultural Research and
Education
(2012-2013)

Section 1: Vision, Mission, Objectives and Functions

Vision

Harnessing science to ensure comprehensive and sustained physical, economic and ecological access to food and livelihood security to all Indians, through generation, assessment, refinement and adoption of appropriate technologies.

Mission

Sustainability and growth of Indian agriculture by interfacing agricultural research, higher education and front-line extension initiatives complemented with institutional, infrastructural and policy support that will create efficient and effective science-harnessing tool.

Objective

- 1 Improving natural resource management and input use efficiency
- 2 Strengthening of higher agricultural education
- 3 Utilizing frontier research in identified areas / programs for better genetic exploitation
- 4 Strengthening of frontline agricultural extension system and addressing gender issues
- 5 IP management and commercialization of technologies
- 6 Assessment and monitoring of fishery resources
- 7 Development of vaccines and diagnostics
- 8 Post harvest management, farm mechanization and value addition

Functions

- 1 To develop Public-Private-Partnerships in developing seeds, planting materials, vaccines, feed formulations, value added products, agricultural machinery etc.
- 2 To serve as a repository in agriculture sector and develop linkages with national and international organizations as per the needs and current trends.
- 3 To plan, coordinate and monitor research for enhancing production and productivity of agriculture sector.
- 4 To enhance quality of higher education in agriculture sector.
- 5 Technology generation, commercialization and transfer to end users.
- 6 Human resource development and capacity building.
- 7 To assess implementation of various programmes in relation to target sets and provide mid-course correction, if required.
- 8 To provide technological backstopping to various line departments.

Section 2:

Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
[1] Improving natural resource management and input use efficiency	17.00	[1.1] Integrated nutrient management (INM)	[1.1.1] Developing GIS based district / block level soil fertility maps	Number	2.55	112	100	88	78	67
			[1.1.2] Developing INM packages for different agro-eco regions of the country	Number	2.55	7	6	5	4	3
			[1.1.3] Organizing training & demonstrations	Number	1.70	27	25	22	19	16
		[1.2] Integrated water management (IWM)	[1.2.1] Technologies for enhancing water use efficiencies	Number	1.70	6	5	4	3	2
			[1.2.2] Technologies for water harvesting storage and groundwater recharge	Number	1.70	6	5	4	3	2
			[1.2.3] Models / DSS for multiple uses of water	Number	0.85	4	3	2	1	0
			[1.2.4] Organizing training & demonstrations	Number	1.70	17	15	14	12	10
		[1.3] Climate resilient agriculture	[1.3.1] Awareness building amongst stake holders through trainings / demonstrations	Number	1.02	170	150	136	119	102
			[1.3.2] Human resource development and capacity building	Number	1.02	170	150	136	119	102
			[1.3.3] Testing crop varieties for climate resilience at different locations	Number	2.21	12	10	9	8	7

Section 2: Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
[2] Strengthening of higher agricultural education	17.00	[2.1] Accreditation / Extension of accreditation of agricultural universities	[2.1.1] Number of universities granted accreditation / extension of accreditation	Number	2.55	9	8	6	5	4
		[2.2] Grant of ICAR International fellowships to Indian and foreign students	[2.2.1] Number of fellowships awarded (subject to availability of competent candidates)	Number	2.55	13	12	10	8	6
		[2.3] Grant of JRF and SRF to students	[2.3.1] Total No. of fellowships granted every year (subject to availability of competent candidates)	Number	4.25	630	625	575	500	475
		[2.4] Establishment of experiential learning units	[2.4.1] Experiential learning units established	Number	1.70	25	22	20	18	15
		[2.5] Financial support and monitoring of progress	[2.5.1] Amount released	Rupees in crores	2.55	380	360	340	320	300
		[2.6] Capacity building and faculty up-gradation	[2.6.1] Number of teachers trained per year	Number	1.70	1000	900	800	700	600
			[2.6.2] Number of Summer / Winter Schools organized	Number	1.70	25	22	20	18	16
[3] Utilizing frontier research in identified areas / programs for better genetic exploitation	13.00	[3.1] Collection, characterization and conservation of genetic resources	[3.1.1] Number of germplasm collected / characterized and conserved (other crops)	Number	1.17	5000	4000	3000	2500	2000
			[3.1.2] Number of germplasm collected	Number	1.17	350	315	280	245	210

Section 2:

Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
			(horticultural crops)							
		[3.2] Evaluation of genetic resources / improved varieties for suitable crop husbandry practices	[3.2.1] Number of germplasm evaluated	Number	1.17	3000	2500	2000	1500	1000
		[3.3] Production of breeder seed, other seeds and planting materials	[3.3.1] Quantity of breeder seed produced (other crops)	Tonnes	1.30	8500	8200	8000	7500	7000
			[3.3.2] Quantity of breeder seed produced (horticultural crops)	Tonnes	1.17	4000	3600	3200	2800	2400
			[3.3.3] Quantity of planting materials produced annually	Number (in lakhs)	1.17	45	40.5	36	31.5	27
		[3.4] Development of improved varieties suited to diverse agro ecologies	[3.4.1] Number of varieties developed (other crops)	Number	1.17	15	12	10	8	5
			[3.4.2] Number of varieties developed (pulses / oilseeds)	Number	1.17	17	13	11	9	7
			[3.4.3] Number of varieties developed (horticultural crops)	Number	1.17	20	18	16	14	12
		[3.5] Production of piglets (8-12 weeks of age)	[3.5.1] Provisioning of piglets to farmers and development agencies	Number	1.17	1000	900	800	600	550
		[3.6] Production of day old as well as 6 weeks old	[3.6.1] Provisioning of day old / 6 weeks	Number (in	1.17	2.5	2	1.5	1	0.5

Section 2:

Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
		chicks	old chicks to farmers and development agencies	lakhs)						
[4] Strengthening of frontline agricultural extension system and addressing gender issues	13.00	[4.1] Technology assessment through on-farm trials	[4.1.1] Number of technologies assessed	Number	5.20	240	220	200	150	140
		[4.2] Capacity building through training programmes	[4.2.1] Number of training programmes organized	Number	5.20	20000	18000	16000	15000	14000
		[4.3] Promotion of technologies covering gender concerns	[4.3.1] Gender-related technology promotion programs conducted	Number	2.60	30	25	20	16	15
[5] IP management and commercialization of technologies	9.00	[5.1] Partnership development, including licensing of ICAR technologies	[5.1.1] Partners (private sector) identified	Number	4.50	30	25	20	15	10
		[5.2] Patents and other IPR titles	[5.2.1] Applications filed	Number	4.50	95	90	80	70	60
[6] Assessment and monitoring of fishery resources	6.00	[6.1] Fish resources assessment and eco-system monitoring	[6.1.1] Number of explorations / surveys carried out	Number	3.60	70	65	60	55	50
			[6.1.2] Development of GIS based aquatic resource database	Number	2.40	8	6	5	4	3
[7] Development of vaccines and diagnostics	5.00	[7.1] Production of diagnostic kits and field validation	[7.1.1] Diagnostic kits developed	Number	3.00	5	3	2	1	0
		[7.2] Production of vaccines against important animal diseases and their validation	[7.2.1] Production of vaccines	Number	2.00	3	2	1	0	0
[8] Post harvest management, farm mechanization and value addition	5.00	[8.1] Develop / refine equipment for crop production & processing	[8.1.1] Equipment developed / refined	Number	1.25	20	18	16	14	12

Section 2:

Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
		[8.2] Testing of commercial prototypes / technologies	[8.2.1] Commercial test reports / samples tested	Number	1.25	12	11	10	8	6
		[8.3] Process protocols for product development, storage, safety and improved quality	[8.3.1] Process protocols	Number	1.25	11	10	8	6	5
		[8.4] Development / refinement of products from crops, fibres, natural gums / resins, livestock / fishes	[8.4.1] Value-added products	Number	1.25	14	12	10	8	6
* Efficient Functioning of the RFD System	3.00	Timely submission of Draft for Approval	On-time submission	Date	2.0	05/03/2012	06/03/2012	07/03/2012	08/03/2012	09/03/2012
		Timely submission of Results	On- time submission	Date	1.0	01/05/2012	03/05/2012	04/05/2012	05/05/2012	06/05/2012
* Administrative Reforms	6.00	Implement mitigating strategies for reducing potential risk of corruption	% of implementation	%	2.0	100	95	90	85	80
		Implement ISO 9001 as per the approved action plan	Area of operations covered	%	2.0	100	95	90	85	80
		Identify, design and implement major innovations	Implementation of identified innovations	Date	2.0	05/03/2013	06/03/2013	07/03/2013	08/03/2013	09/03/2013
* Improving Internal Efficiency / responsiveness / service delivery of Ministry / Department	4.00	Implementation of Sevottam	Independent Audit of Implementation of Citizen's Charter	%	2.0	100	95	90	85	80
			Independent Audit of implementation of public grievance redressal system	%	2.0	100	95	90	85	80
* Ensuring compliance to the Financial Accountability Framework	2.00	Timely submission of ATNs on Audit paras of C&AG	Percentage of ATNs submitted within due date (4 months) from date of presentation of Report to Parliament by CAG during the year.	%	0.5	100	90	80	70	60

* Mandatory Objective(s)

Section 2:

Inter se Priorities among Key Objectives, Success indicators and Targets

Objective	Weight	Action	Success Indicator	Unit	Weight	Target / Criteria Value				
						Excellent	Very Good	Good	Fair	Poor
						100%	90%	80%	70%	60%
		Timely submission of ATRs to the PAC Sectt. on PAC Reports.	Percentage of ATRS submitted within due date (6 months) from date of presentation of Report to Parliament by PAC during the year.	%	0.5	100	90	80	70	60
		Early disposal of pending ATNs on Audit Paras of C&AG Reports presented to Parliament before 31.3.2012.	Percentage of outstanding ATNs disposed off during the year.	%	0.5	100	90	80	70	60
		Early disposal of pending ATRs on PAC Reports presented to Parliament before 31.3.2012	Percentage of outstanding ATRS disposed off during the year.	%	0.5	100	90	80	70	60

* Mandatory Objective(s)

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
[1] Improving natural resource management and input use efficiency	[1.1] Integrated nutrient management (INM)	[1.1.1] Developing GIS based district / block level soil fertility maps	Number	10	15	100	71	15
		[1.1.2] Developing INM packages for different agro-eco regions of the country	Number	4	4	6	6	8
		[1.1.3] Organizing training & demonstrations	Number	15	24	25	25	25
	[1.2] Integrated water management (IWM)	[1.2.1] Technologies for enhancing water use efficiencies	Number	4	9	5	2	2
		[1.2.2] Technologies for water harvesting storage and groundwater recharge	Number	5	6	5	3	3
		[1.2.3] Models / DSS for multiple uses of water	Number	2	2	3	1	1
		[1.2.4] Organizing training & demonstrations	Number	10	49	15	15	16
	[1.3] Climate resilient agriculture	[1.3.1] Awareness building amongst stake holders through trainings / demonstrations	Number	0	100	150	100	100
		[1.3.2] Human resource development and capacity building	Number	0	100	150	50	100
		[1.3.3] Testing crop varieties for climate resilience at different locations	Number	0	7	10	10	10

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
[2] Strengthening of higher agricultural education	[2.1] Accreditation / Extension of accreditation of agricultural universities	[2.1.1] Number of universities granted accreditation / extension of accreditation	Number	8	8	8	10	10
	[2.2] Grant of ICAR International fellowships to Indian and foreign students	[2.2.1] Number of fellowships awarded (subject to availability of competent candidates)	Number	12	12	12	14	15
	[2.3] Grant of JRF and SRF to students	[2.3.1] Total No. of fellowships granted every year (subject to availability of competent candidates)	Number	625	625	625	650	650
	[2.4] Establishment of experiential learning units	[2.4.1] Experiential learning units established	Number	20	25	22	35	37
	[2.5] Financial support and monitoring of progress	[2.5.1] Amount released	Rupees in crores	289	325	360	375	385
	[2.6] Capacity building and faculty up-gradation	[2.6.1] Number of teachers trained per year	Number	1000	1000	900	1000	1000
		[2.6.2] Number of Summer / Winter Schools organized	Number	40	35	22	35	35
[3] Utilizing frontier research in identified areas / programs for better genetic exploitation	[3.1] Collection, characterization and conservation of genetic resources	[3.1.1] Number of germplasm collected / characterized and conserved (other crops)	Number	2000	2000	4000	2200	2300

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
		[3.1.2] Number of germplasm collected (horticultural crops)	Number	45	300	315	400	400
		[3.2] Evaluation of genetic resources / improved varieties for suitable crop husbandry practices	Number	1800	2000	2500	2200	2400
	[3.3] Production of breeder seed, other seeds and planting materials	[3.3.1] Quantity of breeder seed produced (other crops)	Tonnes	8000	8000	8200	8200	8500
		[3.3.2] Quantity of breeder seed produced (horticultural crops)	Tonnes	2250	3500	3600	4500	4800
		[3.3.3] Quantity of planting materials produced annually	Number (in lakhs)	13	40	40.5	50	52
	[3.4] Development of improved varieties suited to diverse agro ecologies	[3.4.1] Number of varieties developed (other crops)	Number	10	10	12	12	12
		[3.4.2] Number of varieties developed (pulses / oilseeds)	Number	--	--	13	13	13
		[3.4.3] Number of varieties developed (horticultural crops)	Number	4	15	18	20	20
	[3.5] Production of piglets (8-12 weeks of age)	[3.5.1] Provisioning of piglets to farmers and development agencies	Number	900	900	900	900	1000
	[3.6] Production of day old as well as 6 weeks old chicks	[3.6.1] Provisioning of day old / 6 weeks old chicks to farmers	Number (in lakhs)	0.6	2	2	2	2.5

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
		and development agencies						
[4] Strengthening of frontline agricultural extension system and addressing gender issues	[4.1] Technology assessment through on-farm trials	[4.1.1] Number of technologies assessed	Number	--	200	220	260	280
	[4.2] Capacity building through training programmes	[4.2.1] Number of training programmes organized	Number	--	--	18000	20000	22000
	[4.3] Promotion of technologies covering gender concerns	[4.3.1] Gender-related technology promotion programs conducted	Number	--	20	25	30	35
[5] IP management and commercialization of technologies	[5.1] Partnership development, including licensing of ICAR technologies	[5.1.1] Partners (private sector) identified	Number	20	136	25	35	40
	[5.2] Patents and other IPR titles	[5.2.1] Applications filed	Number	70	111	90	130	150
[6] Assessment and monitoring of fishery resources	[6.1] Fish resources assessment and eco-system monitoring	[6.1.1] Number of explorations / surveys carried out	Number	40	60	65	70	75
		[6.1.2] Development of GIS based aquatic resource database	Number	4	6	6	7	8
[7] Development of vaccines and diagnostics	[7.1] Production of diagnostic kits and field validation	[7.1.1] Diagnostic kits developed	Number	2	4	3	3	4
	[7.2] Production of vaccines against important animal diseases and their validation	[7.2.1] Production of vaccines	Number	2	2	2	3	3
[8] Post harvest management, farm mechanization and value addition	[8.1] Develop / refine equipment for crop production & processing	[8.1.1] Equipment developed / refined	Number	20	20	18	25	25

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
	[8.2] Testing of commercial prototypes / technologies	[8.2.1] Commercial test reports / samples tested	Number	12	12	11	15	15
	[8.3] Process protocols for product development, storage, safety and improved quality	[8.3.1] Process protocols	Number	10	11	10	13	13
	[8.4] Development / refinement of products from crops, fibres, natural gums / resins, livestock / fishes	[8.4.1] Value-added products	Number	12	14	12	18	18
* Efficient Functioning of the RFD System	Timely submission of Draft for Approval	On-time submission	Date	05/03/2010	06/03/2011	06/03/2012	--	--
	Timely submission of Results	On- time submission	Date	27/04/2011	--	03/05/2012	--	--
* Administrative Reforms	Implement mitigating strategies for reducing potential risk of corruption	% of implementation	%	--	--	95	--	--
	Implement ISO 9001 as per the approved action plan	Area of operations covered	%	--	--	95	--	--
	Identify, design and implement major innovations	Implementation of identified innovations	Date	--	--	06/03/2012	--	--
* Improving Internal Efficiency / responsiveness / service delivery of Ministry / Department	Implementation of Sevottam	Independent Audit of Implementation of Citizen's Charter	%	--	--	95	--	--
		Independent Audit of implementation of public grievance redressal	%	--	--	95	--	--

* Mandatory Objective(s)

Section 3: Trend Values of the Success Indicators

Objective	Action	Success Indicator	Unit	Actual Value FY 10/11	Actual Value FY 11/12	Target Value FY 12/13	Projected Value for FY 13/14	Projected Value for FY 14/15
		system						
* Ensuring compliance to the Financial Accountability Framework	Timely submission of ATNs on Audit paras of C&AG	Percentage of ATNs submitted within due date (4 months) from date of presentation of Report to Parliament by CAG during the year.	%	--	--	90	--	--
	Timely submission of ATRs to the PAC Sectt. on PAC Reports.	Percentage of ATRS submitted within due date (6 months) from date of presentation of Report to Parliament by PAC during the year.	%	--	--	90	--	--
	Early disposal of pending ATNs on Audit Paras of C&AG Reports presented to Parliament before 31.3.2012.	Percentage of outstanding ATNs disposed off during the year.	%	--	--	90	--	--
	Early disposal of pending ATRs on PAC Reports presented to Parliament before 31.3.2012	Percentage of outstanding ATRS disposed off during the year.	%	--	--	90	--	--

* Mandatory Objective(s)

Section 4: Description and Definition of Success Indicators and Proposed Measurement Methodology

Objective 1. Improving natural resource management and input use efficiency

Improving natural resource management and input use efficiency with respect to improving soil health and water productivity, integrated nutrient and water management are essential. The action points/ success indicators for INM cover developing GIS based soil fertility maps, macro / micro-level land use plans, developing and disseminating integrated nutrient management packages, technologies for improving the productivity of problem soils, IFS models etc. For facilitating IWM, enhancing water storage and ground water recharge, multiple uses of water, precision/micro-irrigation systems, recycling of wastewater and other on-farm management issues like resource conservation technologies, deficit irrigation, tools and models to support decision making are planned. For mitigating adverse impact of climate change on crops, livestock, horticulture and fisheries, emphasis will specifically be on climate resilient agriculture through identifying the vulnerable zones and mitigating measures through basic and strategic research. In order to improve the capacity of research and developmental organizations and their staff, provision has been made for strengthening them with state of the art technologies through training programmes / field demonstrations etc.

Objective 2. Strengthening of higher agricultural education

The success will be measured from the indicator the number of universities having developed appropriate e-learning tools and resources. Similarly, Accreditation / Extension of accreditation of agricultural universities will require number of universities granted accreditation / extension of accreditation; Grant of ICAR International fellowships to Indian and foreign students, and JRF and SRF, as applicable, will cover number of such fellowships awarded. However, such numbers of grants will also depend upon the availability of competent candidates for the fellowships. Capacity building and faculty upgradation of teachers will be measured from the number of teachers trained per year.

Objective 3. Utilizing frontier research in identified areas / programs for better genetic exploitation

The emphasis on natural resource management is laid to ensure efficient use of natural resources under the changing situations. This can be supported by developing high yielding varieties, requiring less input like fertilizers, water and pesticides. With respect to conservation of genetic resources for sustainable use, it is envisaged to conserve plant genetic resources to have repository, evaluation and further utilization of resources for improving yield in a sustainable manner. The genetic diversity of various horticultural crops will be collected from different eco-regions, characterized and utilized to develop varieties for higher yields, quality and biotic and abiotic stresses. The action points /success indicators include production of quality seed and planting materials.

Objective 4. Strengthening of frontline agricultural extension system and addressing gender issues

The success indicators with respect to assessment of technology through OFTs is measured by the actual number of technologies assessed by conducting on farm trials. Capacity building and trainings organized are measured with the actual numbers of such programme / activities undertaken by the KVKs. Regarding support for promoting gender issues is measured through the success indicators of actual number of gender related technology promotion programmes conducted by the DRWA.

Objective 5. IP management and commercialization of technologies

With respect to commercialization of technologies and promoting public-private partnership, it is envisaged to bring commercial ethos in agricultural research. Indicators for commercialization of

Section 4: Description and Definition of Success Indicators and Proposed Measurement Methodology

technologies, promoting public-private partnership, and protection of intellectual property rights will be determined by the commercialization through partnership development, including licensing of ICAR technologies. The increasing numbers over the years may indicate a higher emphasis on technology transfer through enterprises; thereby contributing to larger adoption and improved socioeconomic impact of ICAR technologies.

Objective 6. Assessment and monitoring of fishery resources

To enhance fish production and productivity on a sustainable basis from the available resources, and to address the issues and strategies to overcome the critical research gaps in realizing the full production potential from fisheries and aquaculture sector, the research activities have been consolidated and prioritized. The action points and the success indicators under this objective have been identified depending on the priority and availability of the resources and the needs and requirements of the stakeholders. It is expected that by undertaking these programmes, there would be an increase in fish production, conservation of resources, more opportunities for livelihood and employment generation.

Objective 7. Development of vaccines and diagnostics

The production of diagnostic kits and vaccines would involve delineation of process (processes) and thereby denoting a specific number for field testing / validation.

Objective 8. Post harvest management, farm mechanization and value addition

The action points / success indicators for development / refinement of equipment would include intended performance of the equipment and its commercial viability. Test results and on-farm trials will be used to judge the expected output. The success indicators will cover technologies developed to create innovative products that are commercially acceptable in competitive markets.

Section 5: Specific Performance Requirements from other Departments

1. A strong network support for channelizing awareness through training programmes, inputs like monetary support / loans, availability of germplasm, medicines, etc. and market access through state development agencies, KVKs and NGOs would play a major role. (State AH departments, DADF, KVKs, NGOs).

2. Development of animal disease diagnostics and vaccines requires sound commitment for monitoring support for production of diagnostic vaccines whereas for validation under field conditions, a strong commitment and participation of state agencies will be required. (State AH departments, Pvt. Industry for up-scaling).

3. The quantity of breeder seed produced is based on the quantity indented by Department of Agriculture and Cooperation, which in turn collects indents from various seed agencies including State Departments of Agriculture.

4. Technology adoption would depend upon the proactive role of development departments namely DAC, DST, DBT, DADF, SAUs etc.

5. Regarding the achievements related to technology assessment through OFTs and capacity building through training programme, the support of ICAR institutions and SAUs are required in order to ensure timely technology and methodology backstopping. In addition, farmers participation, sponsorship of trainees from the line departments, availability of required demonstration plots for conducting OFTS trials are some of the much needed support from the stakeholders.

6. The success with respect to promotion of technologies covering gender issues requires the collaboration of AICRP centres, Agricultural Engineering Division and the line departments are important in generating suitable gender data base, assessment of the technologies keeping in view the gender perspectives and their dissemination.

7. Popularization and commercialization of tools and equipment will require continued support of Department of Agriculture and Cooperation, Ministry of Agriculture for frontline demonstrations on large scale and capacity building of stakeholders and proactive role taken by various line departments in promoting improved technologies.

8. The Fisheries Division is working in close coordination and linkages with the Ministry of Agriculture; Ministry of Commerce; Ministry of Science & Technology; Ministry of Environment & Forest; Ministry of Earth Sciences; Ministry of Food Processing Industries, funding institutions, private entrepreneurs, NGOs, stakeholders etc. through interface and participation in various committees and meetings addressing the researchable issues in fisheries and aquaculture for formulating the strategies and guidelines for policy interventions to facilitate increasing fish production and productivity. Support from all these agencies and organizations are essential for achieving the mission of providing required food, nutritional, socio-economic and livelihood security.

9. The support of the Ministry of Finance and the Planning Commission would be crucial for realizing of set objectives, target and goals. Further, successful executing of the programmes would depend on the proactive role of other line departments of states and stakeholders for technology adoption and timely implementation of suggested strategies & guidelines.

10. Support from the concerned central / state line departments / SAUs, soil testing laboratories, KVKs, watershed associations, Pani Panchayat for promoting adoption of developed technologies.

11. Support from associated Institutes/DUs/SAUs/line departments for promoting adoption of developed technologies.

12. Financial support as per EFC / SFC allocation of institute under Horticulture

Section 5: Specific Performance Requirements from other Departments

Division including AICRP / network projects.

13. Support from SAUs, KVKs and line departments for promotion and adoption of technologies developed by the institutes.

14. Financial and technological support from other government departments like, DAC, NMPB, NHB, APEDA, MoRD, MoHFA, MoWR etc., State line departments and others including foreign collaborations.

15. The development and strengthening of the SAUs / AUs will depend upon the support / timely availability of sufficient fund from the central government.

Section 6: Outcome/Impact of Department/Ministry

Outcome/Impact of Department/Ministry	Jointly responsible for influencing this outcome / impact with the following department (s) / ministry(ies)	Success Indicator	Unit	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
1 Enhanced agriculture productivity	DADF, DAC, Planning Commission, Ministry of Environment & Forests, Ministry of Panchayati Raj, Ministry of Rural Development and State Governments	Increase in agriculture productivity	%	0	2	2	2	2
2 Enhanced milk, egg, meat & fish productivity	DADF, Ministry of Panchayati Raj, Ministry of Rural Development, State Governments and NGOs	Increase in milk productivity	%	0	3.8	4	4	4
		Increase in egg productivity	%	0	2	2	2	2
		Increase in meat productivity	%	0	2.5	2.5	2.5	2.5
		Increase in fish productivity	%	0	4	4	4	4
3 Enhanced availability of quality human resources for agricultural research & development activities	SAUs, SVUs, Ministry of Panchayati Raj, Ministry of Rural Development and State Governments	Increase in Graduates / PG students passed out and capacity building	%	0	5	5	5	5
4 Enhanced rural livelihood security	DAC, DADF, SAUs, SVUs, Ministry of Panchayati Raj, Ministry of Rural Development, Ministry of Fertilizers and State Governments	Decrease in rural poverty	%	0	1	1	1	1
		Increase in farm income	%	0	3	2	2	2
5 Improved nutritional security	DST, DBT, ICMR, Ministry of Food Processing, Ministry of Panchayati Raj, Ministry of Rural Development and State Governments	Increase in per capita availability of agricultural products	%	0	1.6	0.8	0.8	0.8
6 Enhancing frontier research / programmes		Technical papers published in recognized journals	Number	0	4000	4500	5000	5000

Section 6: Outcome/Impact of Department/Ministry

Outcome/Impact of Department/Ministry	Jointly responsible for influencing this outcome / impact with the following department (s) / ministry(ies)	Success Indicator	Unit	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
		New varieties developed	Number	0	60	70	80	80
7 Commercialization of technologies	SAU/DU	Research converted into commercialized technology	Number	0	10	10	10	10

ANNEXURE C: APAR Form 1

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Form I [See rule 4]

The All India Services (Performance Appraisal Report) Rules, 2007

(Applicable for All IAS officers except the level of Secretary or Additional Secretary or equivalent to Government of India)

Performance Appraisal Report for the period from _____ to _____

Section I – Basic Information

(To be filled in by the Administration Division/Personnel Department)

1.Name of the officer reported upon:

2.Service:

3.Cadre:

4.Year of allotment:

5.Date of Birth:

6.Present Grade:

7.Present post:

8.Date of appointment to present post:

9.Reporting, Reviewing and Accepting Authorities

	Name & Designation	Period worked
Reporting Authority		
Reviewing Authority		
Accepting Authority		

10.Period of absence on leave, etc.

	Period	Type	Remarks
On Leave (specify type)			
Others (specify)			

11.Training Programs attended

Date from	Date to	Institute	Subject

12. Awards/Honours

13. Details of PARs of AIS officers not written by the officer as reporting/reviewing authority for the previous year

14. Date of filing the property return for year ending December

15. Date of last prescribed medical examination (for
officers over 40 years of age) (Attach copy of Part 'C' of Report)

Date:

Signature on behalf of _____
Admn/Personnel Dept

Section II – Self Appraisal

1. Brief description of duties:

(Objectives of the position you hold and the tasks you are required to perform, in about 100 words)

2. Annual work plan and achievement:

Tasks to be performed	Deliverables ^{2[1]}		Actual Achievement ^{3[2]}
	Initial ^{4[3]}	Mid year ^{5[4]}	

3. During the period under report, do you believe that you have made any exceptional contribution, e.g. successful completion of an extraordinarily challenging task or major systemic improvement (resulting in

^{2[1]} Deliverables refer to quantitative or financial targets or verbal description of expected outputs.

^{3[2]} Actual achievement refers to achievement against the specified deliverables in respect of each task (as updated at mid-year). No explanations for divergences are to be given in this table.

^{4[3]} Initial listing of deliverables are to be finalized within 1 month of the start of the period under report.

^{5[4]} Mid year listing of deliverables are to be finalized within 6 months of the start of the period under report.

significant benefits to the public and/or reduction in time and costs)? If so, please give a verbal description (within 100 words):

4. What are the factors that hindered your performance?

5. Please indicate specific areas in which you feel the need to upgrade your skills through training programs:

For the current assignment:

For your future career

Please Note: You should send an updated CV, including additional qualifications acquired/ training programs attended/ publications/ special assignments undertaken, in a prescribed proforma, to the cadre controlling authority, once in 5 years, so that the records available with the cadre controlling authority remain updated.

6. Declaration

Have you filed your immovable property return, as due. If yes, please mention date.	Yes/No	Date
Have you undergone the prescribed medical check up?	Yes/No	
Have you set the annual work plan for all officers for the current year, in respect of whom you are the reporting authority?	Yes/No	

Date:**Signature of officer reported upon** _____

Section III**Appraisal**

1. Please state whether you agree with the responses relating to the accomplishments of the work plan and unforeseen tasks as filled out in Section II. If not, please furnish factual details.

--

2. Please comment on the claim (if made) of exceptional contribution by the officer reported upon.

--

3. Has the officer reported upon met with any significant failures in respect of his work? If yes, please furnish factual details.

--

4. Do you agree with the skill up-gradation needs as identified by the officer?

--

5. Assessment of work output (This assessment should rate the officer vis-à-vis his peers and not the general population. Grades should be assigned on a scale of 1-10, in whole numbers, with 1 referring to the lowest grade and 10 to the best grade. Weightage to this Section will be 40%).

	Reporting Authority	Reviewing Authority	Initial of Reviewing Authority
i. Accomplishment of planned work			
ii Quality of output			
iii. Accomplishment of exceptional work / unforeseen tasks performed			
Overall Grading on 'Work Output'			

6. Assessment of Personal Attributes (on a scale of 1-10. Weightage to this Section will be 30%).

		Reporting Authority	Review Authority	Initials of Reviewing Authority
i.	Attitude to work			
ii	Sense of responsibility			
iii	Overall bearing and personality			
iv	Emotional stability			
v	Communication skills			
vi	Moral courage and willingness to take a professional stand			
vii.	Leadership qualities			
viii.	Capacity to work in time limit			
	Overall Grading on Personal Attributes			

7. Assessment of Functional Competency (on a scale of 1-10. Weightage to this Section will be 30%).

		Reporting Authority	Review Authority	Initials of Reviewing Authority
i.	Knowledge of laws/rules/procedures/ IT skills and awareness of the local norms in the relevant area			
ii.	Strategic planning ability			
iii.	Decision making ability			
iv.	Initiative			
v.	Coordination ability			
vi.	Ability to motivate and develop subordinates / work in a team.			
	Overall Grading on 'Functional competency'			

8.Integrity

Please comment on the integrity of the officer:

9. Pen picture by Reporting Officer. Please comment (in about 100 words) on the overall qualities of the officer including areas of strengths and lesser strengths and his attitude towards weaker sections.

10. Recommendation relating to domain assignment (Please tick mark any four)

☐	Agriculture and Rural Development	☐	Public Finance & Financial Management
☐	Social Development	☐	Industry and Trade
☐	Culture and Information	☐	Internal Affairs and Defence
☐	Natural Resource Management	☐	Housing & Urban Affairs
☐	Energy and Environment	☐	Personnel & General Administration, Governance Reform, Regulatory Systems
☐	Communication Systems and Connectivity Infrastructure	☐	Science & Technology

11. Overall grade (on a score of 1-10)

Date:

Signature of Reporting Authority _____

Section IV –**Review**

1. Do you agree with the assessment made by the reporting officer with respect to the work output and the various attributes in section III? Do you agree with the assessment of the reporting officer in respect of extraordinary achievements and/or significant failures of the moS / officer reported upon?

(In case you do not agree with any of the numerical assessments of attributes please record your assessment in the column provided for you in that section and initial your entries).

Yes	No
-----	----

2. In case of difference of opinion details and reasons for the same may be given.

--

3. Pen picture by Reporting Officer. Please comment (in about 100 words) on the overall qualities of the officer including areas of strengths and lesser strengths and his attitude towards weaker sections.

--

4. Recommendation relating to domain assignment (Please tick mark any four)

☐	Agriculture and Rural Development	☐	Public Finance & Financial Management
☐	Social Development	☐	Industry and Trade
☐	Culture and Information	☐	Internal Affairs and Defence
☐	Natural Resource Management	☐	Housing & Urban Affairs
☐	Energy and Environment	☐	Personnel & General Administration, Governance Reform, Regulatory Systems
☐	Communication Systems and Connectivity Infrastructure	☐	Science & Technology

5.Overall grade on a scale of 1-10

Date:

Signature of Reviewing Authority _____

Signature of Accepting Authority_____



Indian School of Business

Registered Office & Hyderabad Campus

Gachibowli, Hyderabad - 500 032, Telangana, India.

M: +91 70362 92211

Ph: +91 40 2318 7516 / 2300 7041/42, Fax: +91 2300 7040

Mohali Campus

Knowledge City, Sector 81, SAS Nagar,

Mohali, - 140 306 Punjab, India.

Ph: +91 0172 459 1887 / 459 1800

Email: bharti_institute@isb.edu

Website: www.isb.edu/bharti-institute-of-public-policy

Facebook: facebook.com/bhartiinstitute

Twitter: [twitter/BhartiInsti_ISB](https://twitter.com/BhartiInsti_ISB)

Blog: blogs.isb.edu/bhartiinstitute

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Accreditation



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