

MOVE THE FILE, MOVE THE NATION

Decision Velocity for Viksit Bharat

T H E
F E A R
T A X

Why Capable Officers Stop Deciding —
and How to Build the Fast State

UNDER EXAMINATION

"A seminal work."

— DR SHASHI THAROOR, FROM THE FOREWORD

O.P. SINGH

The 41st Director General of Police, Haryana

FOREWORD

By Dr Shashi Tharoor

For decades, the analytical discourse surrounding the institutional labyrinth of the Indian state has been confined to a somewhat sterile duality. We are routinely informed that our administrative failures are the byproduct of either the venality of the corrupt or the vacuity of the incompetent. While these elements undeniably persist within the sprawling architecture of our governance, they fail to account for a far more pervasive, yet curiously invisible, quagmire: the vast, silent arena of administrative inaction.

In this seminal work, Shri O.P. Singh, a man who has traversed the arduous landscapes of field policing and the intricate corridors of the State Secretariat with equal distinction, proposes a startlingly original third lens. He identifies a phenomenon that is as pervasive as it is pernicious: a “tax” not levied by any formal exchequer, but extracted from the lifeblood of the citizen in the form of unconscionable delay.

Singh’s “Fear Tax” is the price society pays when decision-makers conclude that the safest course is not to decide at all. It is the outcome of a sclerotic system where, for the desk-bound officer, the risk of a decisive signature far outweighs the perceived safety of a prolonged silence. As Singh so eloquently demonstrates, our current accountability frameworks audit the “traceable act” with inquisitorial rigour, yet

remain blissfully indifferent to the “absent decision.” The result is a Kafkaesque reality where the paralysis of the pen is too often mistaken for the prudence of the professional.

By bringing insights from psychology, economics and administrative practice to the heart of the “Iron Frame,” Singh has created a definitive vade mecum for the modern administrator. As we set our sights on the ambitious horizon of *Viksit Bharat 2047*, we must recognise that a nation aspiring to become a leading global economic power cannot afford systems that reward hesitation more than initiative. *Decision Velocity* is a clarion call for a new era of administrative clarity. It reminds us that, in our pursuit of national excellence, the most expensive decision is often the one that is never taken.

— Dr Shashi Tharoor New Delhi · 2026

THE ARGUMENT

India's most capable administrators face a system that penalises action and overlooks silence. This book identifies the gap that produces that asymmetry — not as a failure of individual character, but as a structural condition that capable officers respond to rationally. It names the condition the Inaction Gap, and the behaviour it produces, Rational Abdication.

The book's working instrument is the C.O.P. Model — Clarity in the decision standards, Ownership of the decision, and Protection for the decider. Together, the three install the Safe Harbour required to make acting in good faith the safer course than waiting. Decision Velocity, at the level of the office, is what follows.

AUTHOR'S NOTE

This is a practitioner's book, and its evidence is of two kinds. The aggregate claim — that the country forgoes on the order of two per cent of its output each year to decisions that are ready and not taken — is assembled from public data, and the assembly is set out separately in A Note on the Figure. The human claim rests on cases.

The cases are true in substance and altered in detail. Over thirty-three years in service I watched the same situation recur across districts, departments, and decades: a file complete and unsigned, a citizen making the same journey a fourth time, an officer who knew what to do and had good reason not to do it. The men and women in these pages — Dheera Devi, waiting on a payment she was owed; the proprietor of a finished factory, waiting on a single clearance; the founder who came home to build and met a city that could not decide — are composites. Each is drawn from several real instances and carries the identifying marks of none. Names, places, sequences, and small particulars have been changed, so that the situation survives and the individual disappears.

The protection is deliberate, and it runs in both directions. Many of the officers whose hesitation this book examines remain in service. They acted, almost always, not badly but rationally, inside an architecture that made waiting the sensible course. The argument of the book is that the architecture

is the problem, and that the architecture can be changed. It would defeat that argument to fix the failure to a face.

Where a real person is named, it is because the example is to their credit, and the naming was theirs to give.

— O.P. Singh

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The eighteen plates of The Graphic Journey are presented as self-captioned spreads in the Centre Core, between Strategic Bridge IV and Part V.

A NOTE ON THE FIGURE

The methodology underlying the two per cent of GDP claim

The headline number of this book — about two per cent of GDP a year, roughly 6.5 lakh crore rupees, or some seventy-five billion United States dollars in 2026 terms — is an estimate, and this Note discloses how it is built. It is assembled from data the Indian state itself publishes, through five independent routes that converge on the same order of magnitude. The figure is offered with the precision the routes support: directional rather than decimal, a central estimate inside a defensible range of one and a half to two and a half per cent. A reader who wishes to dispute it should be able, after reading this page, to identify exactly which assumption she is disputing.

What the figure measures, and what it does not

The figure measures one thing: the annual deadweight loss to the Indian economy from administrative decisions that were ready and were not taken — value never realised because a file did not move inside the time the rule already allowed. It is not the cost of corruption, which is a separate and overlapping bill costed elsewhere in the development-economics literature. It is not the cost of capacity gaps, which are addressed by recruitment. It is not the cost of

procedural time the rule itself requires.

Five routes

Ministry of Statistics and Programme Implementation. The Flash Report on Central Sector Projects records that the anticipated cost of some 1,800 monitored projects had risen from an original estimate of 26 lakh crore rupees to over 30.9 lakh crore by early 2024 — a 4.8 lakh crore overrun attributable in large part to delay. The overrun is cumulative across project lifetimes, not an annual figure; spread across the implementation periods of the projects concerned, and allowing for the downstream activity that delayed infrastructure forgoes, it supports an annual loss in the high tens of thousands of crores from this route alone — a floor, not a ceiling, since the Flash Report monitors only large central-sector projects.

Comptroller and Auditor General of India. Compliance Audit Reports on the utilisation of centrally sponsored scheme balances track unspent allocations and returned funds running into multiple lakh crore each fiscal year — a measure independent of the MoSPI figure.

Economic Advisory Council to the Prime Minister, and NCAER. Both place India's administrative-regulatory friction within a 1.5 to 4 per cent of GDP range. This book's central estimate of two per cent sits at the conservative end of that range.

Bottom-up from sectoral worked examples. Drawing on MGNREGA wage-delay data, post-matric scholarship lapse rates, RFCTLARR compensation arrears at the district level, and land-mutation pendency from state revenue departments, the bottom-up arithmetic sums, under realistic scaling, to one and a half to two and a half per cent of GDP.

Cross-state deltas from sub-state evidence. Velocity gains measurable after Madhya Pradesh's Public Services Guar-

antee Act of 2010, Andhra Pradesh's Mee Seva platform of 2011, and Tamil Nadu's single-window industrial-clearance framework, when extrapolated to national scale by the conservative arithmetic of replication and propagation, place the recoverable share in the same order of magnitude.

The central estimate and its range

The five routes converge on a central estimate of two per cent of GDP per year, within a range of one and a half to two and a half per cent. At the lower bound, the figure is roughly 4.5 lakh crore rupees: larger than the central Defence budget. At the central estimate, roughly 6.5 lakh crore: approximately one full year of the consolidated public allocation for Health and Education combined. At the upper bound, roughly 7.5 lakh crore. Across the nine-year window to the demographic peak in 2035, the central estimate compounds to roughly 60 lakh crore — two full years of the Centre's total tax revenue.

What the figure is, and what it is not

The figure is not a forecast, and it is not a number on any single government balance sheet. It is the sum of many such numbers, collected through five routes that do not depend on one another, presented as a range. Each route has limits, and the limits are disclosed above. The case for the recovery does not rest on the decimal. It rests on the magnitude.

Sources

Comptroller and Auditor General of India. Audit reports on the utilisation of centrally sponsored scheme balances, most recent year. Ministry of Statistics and Programme Implementation. Flash Report on Central Sector Projects, quarterly. Economic Advisory Council to the Prime Minister. Working papers on the regulatory cost burden in India. National Council of Applied Economic Research. Studies on the administrative cost of regulation. Economic

Survey of India, 2017-18. Volume II, chapter on timely justice and the cost of pendency. State Right-to-Service evaluations. Madhya Pradesh Public Services Guarantee Act (2010); Andhra Pradesh Mee Seva (2011); Tamil Nadu Single-Window Industrial Clearance Framework. # PART I
— WHY THIS BOOK

*There is a tide in the affairs of men, which, taken at the flood,
leads on to fortune.*

— Shakespeare, *Julius Caesar* IV.3

CHAPTER 1 – THREE POSTINGS, ONE LESSON

An officer's view from three desks

I spent thirty-three years inside the Indian state. I commanded the Haryana Police as its Director General. I ran the state's Sports Department. I served in the Chief Minister's Office. Each posting taught me a different thing about government. It took the third to teach me that the three lessons were the same lesson, written in three accents.

This book is the lesson.

I begin with the three postings because the argument that follows asks a great deal of the reader. It asks the Head of Office (collector, commissioner, secretary, vice-chancellor, hospital director, school principal) to change a habit that the system has spent decades training into him. Before I ask that, I owe an account of where the prescription comes from. It does not come from a think tank or a foreign template. It comes from three chairs I sat in, in one Indian state, over a working life.

The Police: Outcome First

The first chair was police.

Police work is judged by what does or does not happen on the ground. A theft is reported or it is not. A riot is contained or it isn't. An accident victim reaches hospital alive or doesn't. The station officer who waits for written orders before chasing a kidnapper has misunderstood his job, and so has the inspector who completes requisitions before approaching a crime scene. The instinct of the uniform is to ask what works before it asks what is permitted. This is a problem-solving instinct, not a lawless one; the police know the rule book better than most. You learn early that hesitation is itself a decision, and usually the wrong one.

That mind has its faults. Outcome-first culture can drift into shortcuts. The Indian police have not always resisted that drift. But the discipline of being judged by results, visible, contested, sometimes tragic results, produces an officer who is comfortable with consequence. He does not need a clean rule book before he acts; he needs a clear outcome and the authority to pursue it.

I learned in those years that the most powerful reforms in police work are the ones that cost nothing and require no new training. A roster redesigned to put more men on the road at the hours crime happens. A grievance line that someone actually answers. A station register that an SP looks at on Monday mornings. Each of these redistributes attention, not money, and each can be put in place by a determined officer in a single quarter. I came out of the police with a habit of looking, in any reform proposal, for the version that needed neither new rupees nor new training before I would consider the versions that did.

The Sports Department: Delivery and Engagement

The second chair was the Sports Department. It was, in temperament, the opposite of the police.

A police department is judged by what it stops; a sports department by what it puts out: medals, stadium hours, training calendars, scholarship cheques paid on the date promised. The customer is visible (athletes, coaches, parents, district officers, the media) and visibly impatient. Failure is public. So is success. A Haryana wrestler on the medal podium is not an abstract outcome; he is a face on the front page, and the bureaucratic chain behind him is, for a few weeks, briefly traceable.

Running sports taught me three things the police job had not.

The first was that most of what looks like policy in a department is logistics. The wrestler on the podium does not need a new scheme. He needs a mat that arrived on time, a coach who was paid last month, a passport processed without three reminders, and a flight booked without a tender that ran for ninety days. Delivery is a calendar problem with policy lipstick on it.

The second was that engagement with the citizen, for the most part, is a matter of being reachable. A young athlete who cannot get an answer from a sub-divisional sports officer assumes the system does not want him. He is not wrong. The reform there is making sure the phone is answered, not running a campaign.

The third was that morale in a young workforce moves with feedback loops measured in days, not quarters. The annual review is a fiction in such departments. What moves people is being seen this week.

I left the sports posting persuaded that the largest gains in citizen-facing government are not in policy redesign but in shortening the distance between question and answer.

The Chief Minister's Office: Where the Three Meet

The third chair was the Chief Minister's Office.

The CM Office is where the other two postings converge. Policy is set there. Enforcement runs through the police. Delivery runs through the departments. But the CM Office is the one room where all three problems sit on the same table. You see, in real time, why a file has not moved. You see whose silence is killing which scheme. You see that the most expensive bottleneck in the state is not a missing road or a missing rupee but a missing signature.

This is where the argument of this book was assembled.

Sitting in that office, watching the same files cross my desk for the second and third time, I began to notice a pattern. The decisions that moved were the ones where four conditions held. The question had been reduced to a Decision Binary: a yes-or-no, not a free-text invitation to reflect. A single named officer had been given Ownership of the decision. Other departments had been given a Silent Consent window of seven working days to register a concern, after which the lead department proceeded. And the deciding officer had been given Protection — an assurance, in writing where it mattered, that a decision taken to the agreed standard would not be reopened after the event.

Where those four conditions held, files moved. Where any one of them was missing, files sat.

I noticed something else, less obvious. The four conditions cost the state nothing. They required no budget line, no

new training cadre, no fresh legislation. They required only the will to write down, in plain language, what was being asked of whom and by when. The reforms the country had been trying to import (digital workflow, business process re-engineering, performance management) were being attempted on top of a system that had never done that simple preliminary work.

I added one more piece, which the CM Office made possible in a way no other posting did. I began to measure. Every fortnight, the office tracked which files had cleared which stage against the timelines we had set. Each quarter, we shared with each Head of Office his own Decision Velocity (files cleared, files pending, days lost) against his peers. We called it Stage-Tracking. It was a mirror, not a punishment instrument. It is hard to overstate the effect of a mirror on a civil service that has spent its career being invisible.

One Lesson

The three postings teach the same lesson.

In police, the lesson is dressed as outcome. In sports, it is dressed as delivery. In the CM Office, it is dressed as policy. Underneath the dressing, the lesson is one sentence: the Indian state does not lack money, talent, or law. It lacks the habit of taking decisions to a standard and on a clock. Everything in this book is an attempt to install that habit.

The chapters that follow are organised around that single argument. They begin with the cost of not having the habit — the Fear Tax — the price the country pays, in growth foregone, for the decisions its officers withhold. They move to the diagnosis: the Inaction Gap, the Desk-Officer's Dilemma, the Scrutiny Paradox, the Rational Abdication. They arrive at the prescription, the C.O.P. Model, with its operational scaffolding of Decision Binary, Silent Consent, Safe Harbour,

and Stage-Tracking. They close with a draft law, the Magnet City Act, which gives Heads of Office the legal cover the rule book currently denies them.

I write at a moment when the country can no longer afford the habit it has. The cheap doors the post-1991 economy walked through are closing, and every advanced government is now searching for growth inside its own administration. India loses on the order of two per cent of GDP every year to administrative and judicial delay. In the global moment we have entered, that two per cent is the difference between catching up and falling behind.

This is not a memoir. It is the operating manual that three postings, in one state, over thirty-three years, produced almost by accident. I offer it to the Heads of Office who, on any given Monday morning, are the only people in the country who can actually fix the problem it describes.

DECISION VELOCITY CHECK — Look at the file on your desk today that has waited longest. Has the reason for the wait changed in the past four weeks? If it has not, the file is not pending. It is being held by an architecture you can name. **This week:** tell the officers in your section one administrative practice you carried from a previous posting into this one, and ask each of them for theirs. The practices that survive transfers are the architecture; everything else is decoration.

CHAPTER 2 — WHY NOW

The case for the operating system, now

A book about administrative reform written in 1995 would have been about getting out of the way of an economy that was about to grow. The doors of the world were open. Tariffs were falling. Cheap capital, cheap labour, and cheap energy were arriving together for the first time in a century. The role of the Indian state in those years was, for the most part, to stop doing the things that had been holding the country back.

I write this book in 2026 because that world has ended.

The wars in Europe and West Asia are in their fourth and second years, and are not, on present evidence, ending. The cheap-energy assumption of the post-1991 economy — Brent at thirty-five dollars, gas at two — is gone; energy now trades with a war premium built into it, and India imports more than eighty-five per cent of the oil it consumes. Every rupee the country sends abroad to pay for that oil is a rupee that cannot be used for capital formation at home.

The doors that opened in 1991 are closing one by one. The United States, the country that wrote the rules of the open trading system, has spent the last decade unwriting them. Sanctions are now an everyday tool of statecraft. Tariffs are

back. Industrial policy is back. The polite term is friend-shoring; the less polite one is that every large economy has decided to spend more to keep production within reach of its own ports.

Cheap labour has also moved. China's working-age population has been falling for a decade; its wages have tripled. Vietnam, Bangladesh, and Mexico are nearer to capacity than their press releases admit. The next billion factory jobs will not be allocated by spreadsheet. They will be allocated by which country an investor can move into in eight months instead of three years.

The result is that growth, for an emerging economy of India's size, no longer arrives at the port. It has to be manufactured inside the country, against headwinds the previous generation did not face. Every advanced government has come to the same conclusion. Each is now hunting growth inside its own administration.

The British Chancellor calls it productivity: real output per worker is barely above the 2008 figure, and three rounds of civil-service reform under three prime ministers have produced very little movement in the speed at which the British state takes decisions. The French Prime Minister calls it simplification: the *Loi de Simplification* of 2024 attempted to reduce ten thousand pages of business regulation to a workable instrument, and ran aground in the parliamentary turmoil that followed the dissolution of that summer — because the underlying decisions, not the regulations, were where the cost sat. The German Chancellor calls it the unblocking of permitting: Berlin's new airport took fourteen years to open, and the Tesla gigafactory at Grünheide carried some four hundred separate conditions in its environmental approval, each with its own consultation cycle. The country that built the post-war *Wirtschaftswunder* on engineering speed has become the country in which engineering decisions move at the speed of the slowest authority in the chain.

The American president, in his second term, set up a Department of Government Efficiency under Elon Musk and gave it the most aggressive mandate any rich-country reform vehicle has carried in a generation.

DOGE failed.

It is worth understanding why. DOGE launched in January 2025 promising to cut as much as two trillion dollars from federal spending, eliminate redundant agencies, and post the receipts in public. By spring it had produced a Wall of Receipts of cancelled contracts and quietly revised the headline target down to a small fraction of itself. By early summer it was tangled in litigation over the appropriations power of the Congress, and its founder had left Washington — first in a staged Oval Office farewell, then in a public quarrel with the president who had appointed him. By the year's end the Department of Government Efficiency no longer existed as a central body; its functions had been absorbed back into the established management agencies.

The failure was not one of will. The failure was that DOGE attacked the symptoms of administrative growth — procurement contracts, headcount, agency footprint — without changing the rules under which decisions inside those agencies were taken. Procurement grew back because the underlying decisions had not been redesigned. Headcount cuts produced more delay, not less: the officers who took early retirement were the ones who knew how to move a file, and the ones who remained were the ones who had survived by not moving any.

The pattern is older than DOGE. The Clinton-Gore Reinventing Government project cut more than three hundred and fifty thousand federal posts in the 1990s and produced almost no measurable change in federal Decision Velocity. The Bush administration's Program Assessment Rating Tool rated every federal programme on a five-point scale and

changed almost nothing about how the programmes ran. The Cameron government's Bonfire of the Quangos abolished nearly two hundred arm's-length bodies in 2010, and by 2024 the British administrative state had absorbed every function back under different names. Each reform was attempted by a capable government with a clear mandate. Each failed for the same reason: it attacked the surface of the administration without changing the operating system underneath. DOGE is the latest entry in a forty-year list. It will not be the last.

Two governments have done it the other way. Singapore has spent four decades auditing its civil servants not on the form of the file but on the responsiveness of the officer who holds it. Estonia, which built its e-Government in the wreckage of the Soviet administrative state, concludes most routine administrative decisions in days, many within one. Neither is a template India can adopt directly: Singapore is a city-state, Estonia the size of a medium-sized Indian district. But both demonstrate that the variable is not country size, wealth, or culture. The variable is the operating system. The two countries that took it seriously are the two whose administrations now move at the speed their economies require.

The American failure is a warning, but it is also an opportunity. It tells every other government in the world that the problem of administrative growth is not solved by shouting at it. It is solved by changing the rules under which decisions are taken. The country that figures that out first will export the method.

A relic, or a condition?

It is fair to ask whether what this book describes is a post-colonial affliction — the steel frame's long hangover — or something less parochial. The evidence points to the sec-

ond. The pathology is the default condition of any state that has learned to audit action and has not learned to audit inaction. The United States calls its version vetocracy: the multiplication of points at which a decision can be stopped and the absence of any at which it must be taken. Its permitting regime under the National Environmental Policy Act can hold a clean-energy project in review for longer than it would take to build, and the country's own scholars (Francis Fukuyama on institutional decay, Nicholas Bagley on the "procedure fetish") have put a price on it. Whitehall calls it caution and consensus. The European Union has institutionalised the same hesitation across twenty-seven administrations at once. What India has is the most legible case of a universal disease: a young, large, fast-growing economy in which the distance between what the state may do and what it does is wide enough to be measured and consequential enough to matter. That is this book's wager: a pathology visible everywhere can be solved first where it is seen most clearly.

India is uniquely placed to figure it out first. Three reasons.

The first is that India's administrative cost of inaction is unusually well bounded. The loss to administrative and judicial delay is large enough to be measured from several directions at once (the Economic Survey, the Law Commission's pendency studies, the audited record of central scheme implementation, and a body of academic work going back fifteen years) and those directions agree on its order of magnitude. That is more than India's peers can say of their own delay. The Americans never knew what DOGE was meant to recover; the British have argued about productivity for fifty years without agreeing on a figure. India can at least see the order of the prize, and the country that can see the order of the prize is the one most likely to claim it.

The second is that India has the institutional surface area to do this without legislation. The Indian Administrative Ser-

vice, the Indian Police Service, and the Indian Forest Service together field more than ten thousand officers who hold the delegated authority to install the four protocols of this book inside their offices tomorrow morning. No equivalent corps of officers exists at scale in any other large democracy. The reform can begin in a thousand districts and twenty-eight states without a single act of Parliament. It requires only the order, the spreadsheet, and the quarterly letter this book describes.

The third is that India needs the recovery more than its competitors and can afford it less in any other form. The country runs a consolidated fiscal deficit above seven per cent of GDP. It cannot borrow its way to growth. It cannot print its way to growth. It cannot count on the cheap external door opening again. Two per cent of GDP recovered from inside its own administrative system is, for India in 2026, larger than any external windfall the country can realistically expect.

To grasp the magnitude, and not the decimal: a recovery of this order is, in a single year, comparable to the Centre's annual Defence allocation and larger than its combined allocations for Health and Education; across the decade to the demographic peak in 2035 it compounds into something on the scale of two years of the Centre's total tax revenue. These comparisons are illustrative (the figure is a range, not a number on any one balance sheet) but they fix the order of the thing: a medium-sized state's budget, appearing each year, for as long as the operating system is in place.

Shared across the country, a loss of this order works out, very roughly, to a few thousand rupees a year for every Indian — on the order of twenty thousand for a household of five. That is the household's electricity bill for the year. It is two months of MGNREGA wages. It is one semester of a child's college fees. It is the Diwali appliance the household did not buy. No exchequer collects the Fear Tax; it is paid

through the calendar. But every household pays it, and most households can name what they are paying it for.

And it is worth pausing, too, on how long the country has to claim it. India's working-age population — the share between fifteen and sixty-four — peaks in 2035 at roughly two-thirds of the country. After that, the dependency ratio begins its long rise. The country has nine years to install the operating system before the demographic tail-wind becomes a head-wind. China hit its working-age peak around 2010 and built three decades of growth in the prior twenty years; India will have less time, and less of the world's openness to do it in. Every quarter a decision sits unmade in 2026 is a quarter the dividend window narrows. There is no recovering the years on the other side of the peak.

The argument of this book is that the recovery is available, and that it does not require what the country cannot afford. It needs no new money, no new statutes (with the single exception of the Magnet City Act in the appendix), and no foreign template. It requires the installation, in every office that takes a decision the citizen depends on, of an operating system small enough to fit on a single page. Decision Binary. Ownership. Silent Consent. Safe Harbour. Stage-Tracking. Five names, four protocols, one mirror, and one column in the Annual Confidential Report that travels with the officer for life. The chapters that follow will introduce each of them in turn.

The reason this book is being written now, rather than in 1995 or 2010 or 2018, is that the global moment will not wait. The American failure has cleared the field. The wars and the closing doors have removed the alternatives. The fiscal position has narrowed the runway. The demographic clock is running. The next five years are the years in which a country that knows what its delay costs, that has the corps of officers to do something about it, and that has the political capital of a settled government able to issue the orders, will

either install the operating system or pay the bill.

There is no third option.

That is why now.

DECISION VELOCITY CHECK — Pick three decisions you have deferred this quarter. How many of them would have been easier to take a year ago? Each is a measure of the time the office has already lost, and the time the country no longer has. **This week:** read out the dates on the five oldest open files in your section, and ask the room which of them is older than the current incumbent's posting.

STRATEGIC BRIDGE I

— From Three Postings to One Diagnosis

Part I has named the lesson of thirty-three years inside the Indian state — the reforms that move the country are the ones that cost nothing, require no new posts, and demand no new legislation — and it has set the clock: the global windows that opened in 1991 are closing, and the demographic dividend has a date on it. What follows is not a complaint about the Indian state. It is an audit of the single condition that makes it slow at the point where it matters: the file on the desk that is ready to be signed, and is not. Part II names that problem precisely — not corruption, not incompetence, but withholding — refuses the comforting frames of culture, morality, and training, and puts a number on the cost. #
PART II — THE PROBLEM

The state exists not only to live, but to live well.

— Aristotle, *Politics* I.2

FIGURE 1 • THE INACTION GAP

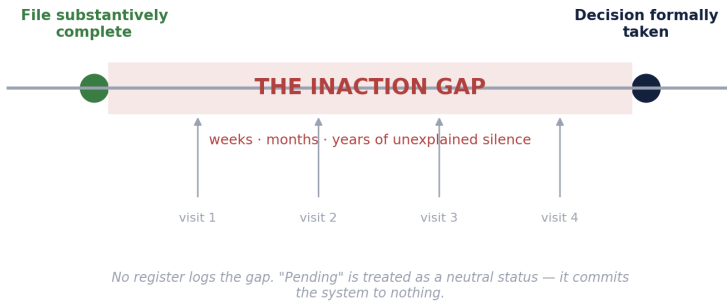


Figure 1. The Inaction Gap — the decisions available, but not taken.



CHAPTER 3 — BEYOND THE CORRUPTION BINARY

Defining the Inaction Gap

If the global moment is the reason to act, the Indian state's settled grammar is the reason it does not.

Somewhere in a district office, a file is waiting. It has been waiting for some time. Dheera Devi, whose matter is in the file, has visited twice and been told on each visit that it was under process. She came back again, and again. She has stopped expecting a date. In the way people do when a system stops making sense to them, she has begun to wonder what is actually happening. The answer she reaches is one of two things. Either someone is expecting something. Or someone does not know what they are doing.

These two explanations, corruption and incompetence, form the settled grammar of how Indians read administrative failure. They appear at the chai stall and in the drawing room, in newspaper editorials and television panels, and in internal meetings where implementation failure is diagnosed with the ease of a familiar routine. The premise is that the system does not work because the people inside it are either extracting a bribe or are too poorly trained to perform. The

data appears to confirm the premise. A 2005 Transparency International study found that more than sixty-two per cent of Indians had paid a bribe to a public official. A 2024 perception survey, the India Corruption Research Report, found that eighty-eight per cent believed India is a corrupt country. These numbers settle into public discourse with the authority of evidence that confirms what people already suspect.

The trouble is that neither explanation fits the file on Dheera Devi's matter.

The Anatomy of Withholding

A long view from inside the machine reveals a third failure mode, distinct from corruption and from incompetence: withholding. It is the most pervasive of the three and the least understood, and it accounts for a larger share of administrative failure in India than the other two combined.

To see it clearly, set aside the cases where corruption is visible and look at the ones that resist standard explanation — where the inquiry finds no payment, no manipulation, no identifiable error, and yet the outcome did not occur. A family is displaced by a road project. The project is real; the road is built; the road is in use. Their land has been acquired under the applicable statute. The compensation amount has been calculated, verified by the revenue officer, and approved at the level above that. The file has moved through every prescribed stage of review without a single objection raised. It sits at the disbursing officer's table, substantively ready. The funds are available; the bank details are on record; the law is clear. And the compensation does not move.

The family visits the office three times. Each time they are told the matter is under process. Nothing is under review. The file is complete. If it is under anything, it is under the

weight of the officer's silence — the absence of a decision that nobody in the system is required to explain.

This is the Inaction Gap: the temporal and structural distance between a decision being substantively ready and being formally taken. From the perspective of state capacity, withholding is harder to fight than corruption because it is structurally invisible. The country's accountability frameworks are built to follow acts. A payment, a signature, a rejection: each leaves a trace. Inaction leaves no trail. No register logs the week a file sat un-moving. In administrative vocabulary, pending is treated as a neutral status. It commits the system to nothing and does not say when, why, or who is responsible for the not-yet.

The Logic of Rational Abdication

The Inaction Gap persists because the accountability system that surrounds it is asymmetric. A corrupt act leaves a transaction to trace. An incompetent act leaves an error to correct. A withheld act leaves only a silence the system has no instrument to measure. This produces a dangerous arrangement: the office is functional in every way it can audit itself, and absent at the precise point where its presence matters to the citizen.

To understand why a competent, honest officer chooses not to act, the analysis must move from moral category to behavioural calculus. The officer at the desk is not lazy. She is a mathematician of risk, practising what this book calls Rational Abdication. The file on her desk arrived ten days ago. The facts are not in dispute. The rule is unambiguous. She knows exactly what to do. But she is calculating what happens after she signs. The signed order enters a permanent record. It will be there in three years, when an audit party arrives. The auditors may find not an error but

a different interpretation of a provision. She will be asked to explain a decision made years earlier, under a standard of scrutiny that was not available to her at the time. Her fear is not dramatic. She is avoiding a professional inconvenience whose cost, in time, reputation, and follow-up correspondence, is not symmetric with the small reputational gain of having acted promptly.

This hesitation has the regularity of a physical law. In the present design of the office, rules protect the process but not the person. Because the system audits acts and ignores inaction, the officer purchases scrutiny insurance through unnecessary referrals, supplementary clarifications, and reference to a parallel case. Each referral is rational and looks defensible. The aggregate is the Inaction Gap.

The citizen pays the difference. The waiting family, the small enterprise, the contract labourer — each absorbs the cost of a decision that was ready and was not taken. This is the Fear Tax: the price the country pays, every day, for an environment in which the rational choice for the careful officer is to delay.

The Scale of the Loss

To name a failure is to ask how large it is. The accumulated annual cost of the Inaction Gap is conservatively estimated at about two per cent of GDP — roughly USD 75 billion in 2026 terms.

The figure is in the same order as India's combined public spending on health, central and state. It is in the neighbourhood of the annual defence outlay. It is more than the combined annual cost of the rural-employment guarantee, the farmer income-support scheme, and the principal central rural-development programmes put together. Spread across 1.4 billion people, it is the size of the loss India sus-

tains, every year, to decisions that are not made.

The figure is directional, not precise, but it survives translation into terms a citizen can recognise.

In ease of living, it is the compensation that does not reach an accident victim's family, the pension instalment that arrives eighteen months late, the electricity connection that takes a year because a file is awaiting countersignature on the fourth floor of a building three states away. It is the school that is sanctioned but unbuilt, the hospital wing that has equipment but no commissioning order, the drinking-water project whose tender is technically open and operationally frozen.

In ease of doing business, it is the environmental clearance that goes "under examination" for two financial years; the GST refund that holds an exporter's working capital hostage; the construction licence whose statutory six-week window becomes a sixteen-month negotiation. For the small enterprise, which cannot afford lawyers, intermediaries, or repeat follow-ups, the cost is disproportionate, and most Indian employment lives in the small enterprise.

In income, it is the wage of the contract labourer who cannot be paid because the running bill has not been cleared; the farmer's price-support arrear; the disability-pension increment delayed by three budget cycles.

In employment, the arithmetic is the simplest. Deployed as wage payments at a regular minimum-wage rate, a sum of this order is roughly thirty million person-years of work. Deployed as project capital, it would finance several years of the country's rural-employment programme. The jobs that would have followed those projects do not exist, not because the money was unavailable, but because the decision was unmade.

This is the cost of files that do not move. It is not abstract. It

is paid, every year, by people whose names appear on those files. Dheera Devi's file is one of these.

Toward an Outcome-First State

If the country's developmental ambitions are to be realised, administrative delay can no longer be diagnosed as a flaw of individual character. It is the structural output of a decision environment that rewards silence. The countries that have closed their own versions of the Inaction Gap (Singapore most prominently, the UAE more recently) did so by auditing responsiveness with the same rigour they applied to compliance. They moved from a process-first system, which audits the ink on the paper, to an outcome-first system, which audits the empty days in the tray.

The Inaction Gap will not be closed by exhortation, and it will not be closed by appearances of reform. It will be closed by re-engineering the decision environment so that the rational choice for the officer is also the outcome the citizen requires. The journey to a developed India will be won by closing the distance between the moment a decision is ready and the moment it is made.

DECISION VELOCITY CHECK — Is the file currently unmoving because the facts are incomplete, or because the decision carries a vulnerability that silence protects? **This week:** identify the files for which no deficiency has been recorded for fourteen days, and on which no signature has been inked. Treat that unrecorded silence with the same gravity as a procedural error.

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