



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Interviewee: Chirashree Das Gupta

Interviewer: Rohan Mukherjee

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MUKHERJEE: It is the 13th of July, 2009. I am with Dr. Chirashree Das Gupta, who is an Associate Professor at the Asian Development Research Institute in Patna. Dr. Das Gupta, could I ask you to start off by talking a little bit about your professional background, and how you've been involved in the study of the reform process in Bihar.

DAS GUPTA: *Well I've been in Bihar for the last two and a half years working first at the Asian Development Research Institute and then at the Center for Economic Policy and Public Finance, which is a part of the Asian Development Research Institute. This is actually one of the institutions which have been set up as part of the new initiatives of the government. From the time that I have started working in Bihar—the first work that I did was to actually study the reform initiatives of the Nitish Kumar government, just after one year. So since then, on an annual basis, what I've been doing is keeping track of the reform process.*

Apart from that, because our institute is an autonomous organization, but at the same time we work closely with government, we also feed into a lot of the policy issues, especially, for example, on public finance. So that is another area that we're working on, in terms of the state's resource base and the kind of public expenditure necessary for a state like Bihar to really close its development gap.

MUKHERJEE: So when Mr. Nitish Kumar came into office in the latter part of 2005, he had a huge agenda for change in Bihar. What do you think were the major issues that he perceived, or that his government perceived, to be priorities for his office when he came in?

DAS GUPTA: *This has to be taken at two levels: one is that of rhetoric, of political rhetoric, and the other is that of the objective conditions that prevailed. Now if you just go back a few years, after the Fodder Scam in Bihar, what had happened was that the entire administration—I mean that the institutional machinery of the government—had gone into a kind of standstill, because there was so much fear about spending that expenditure levels went down, nobody was willing to take responsibility for a signature or a sanction. So for about four to five years—then the bifurcation of the state took place and resources got depleted as far as Bihar was concerned.*

Then what happened was that there was this period of extreme political turbulence, two years. What this meant was two periods of president's rule in Bihar when there was very severe sort of restrictions on spending. Also because of two elections, hung assembly, all of that. So the idea that things didn't function in Bihar for a long time is the general perception, but the reason it didn't function was quite contingent and depended on—you can trace it from the period of the Fodder Scam to the last election, when the Nitish Kumar government comes to power.

So one of the immediate things that whoever would have come to power would have faced was to get this administration to function, because people of the state, for six, seven years, had faced this situation of curtailed expenditure and reduced functioning. So his first agenda—which is why it was administrative reforms, and in this it wasn't really a question of challenges, but it was a question of—once you say administrative reforms and an institution has been defunct for seven to eight years, to get it to function again requires a lot of measures at various institutional levels and also a sustained period of being able to implement it. So that was the major challenge that he faced when he came to power at that

time, because he came to power on the promise of good governance, but how would he deliver it? There were a lot of barriers to instilling confidence again and to getting people to function; it was one of the primary issues.

MUKHERJEE: How do you think he went about—you mentioned different institutional levels at which he would have to have worked. What would be the specific steps that he would have taken?

DAS GUPTA: *Well, one of the earliest things that was done was actually to the state government, the main seat of the state government. That is the Secretariat. There was a lot of revamping that was done, like a lot of money was spent to re-do the interiors, to create a better sort of condition, work conditions. The other important thing was that there was devolution of power. This was very important for the senior-level bureaucrats. That is one of the main things that gave them the incentive. For example, project approval levels. That was raised. A lot of things that earlier had to go to the minister for approval or to cabinet for approval would now be done by bureaucrats. So this was more like devolution of power within the bureaucracy, not necessarily among the political participants, but the civil servants. That was one of the first confidence-building measures he took.*

This actually meant, what it meant was that a large part of the bureaucracy and the people who had left Bihar, for example, who got central postings, had gone elsewhere because they were not motivated, then they wanted to come back to Bihar and work under this new head. That was one of the things.

MUKHERJEE: So in devolving power, did he face any resistance from the cabinet members who earlier on would have held those powers of sanctioning expenses and things like that?

DAS GUPTA: *No, because this was a new government that was coming to power. It was a new set of people. So for them it did not matter. Also, the kind of mandate he had and the very structure of the coalition that he leads, he's got enormous power within that coalition. Anything he says, there isn't any major resistance to that.*

MUKHERJEE: So in terms of a reform movement, I suppose the question is if any other leader had come into power at that point, would they have had the same realization that Nitish Kumar did? What do you think prompted him to actually take these steps at that time and not at any other time?

DAS GUPTA: *Well, I mean, he came to power riding the wave of anti-incumbency. I mean, there weren't any other contestants at that point; it was either Nitish Kumar or it could have been Ram Vilas Paswan, but that was foregone because the coalition in the previous election, which led to a hung assembly, because an agreement couldn't be worked out between Ram Vilas Paswan and Lalu Prasad (Yadav) and the others; so that fell through. So under those circumstances, there wasn't really any other person. I mean, either RJD (Lalu Prasad Yadav's Rashtriya Janata Dal party) would be coming back to power or Nitish Kumar. At that time the RJD didn't really lose its base the way it has done in this general elections.*

So in that sense, I do not think, it is not about—let's say it was within this coalition, if it were some other leader, they would have faced the same questions. Let's say if the BJP (Bharatiya Janata Party), instead of being the junior partner, had been an equal partner, and then maybe the chief ministership could have been bargained and gone to the BJP; they would have had to face the same question.

MUKHERJEE: And do you think they would have acted in the same way, or is that—?

DAS GUPTA: *That is a hypothetical situation. I mean, one thing is of course individuals do matter. I'm not saying that it doesn't. But at the same time, what I feel is that if the electoral promise of good governance had to be delivered, then whoever was going to come had to take on the question of administrative reforms, without which the good governance—whatever it meant. I mean, it didn't really mean what economists would have defined as good governance, or a certain kind of good governance. For example, the idea that has come from the World Bank of good governance, maybe it was not that. What he meant by good governance was just the restoration of governance rather than the traditional idea of good governance that we have, that we are familiar with. But the thing is that whoever would have come to power would have had to face that question within that coalition.*

MUKHERJEE: Then in rebuilding the state structures to promote governance in Bihar, did he have a preexisting strategy to follow or was he able to rely on any other state's approaches or any other country's approach to this problem?

DAS GUPTA: *Well, to make institutions function in Bihar, I do not think he had any template, because of the social conditions in Bihar in which institutions function. And also, Bihar has—I mean, one part of it of course is the immediate past, what had happened, but because Bihar has a long history of weak institutions and that goes back to the colonial period when Bihar wasn't considered—the public investment to build up administrative systems was lowest in Bihar within the Bengal presidency. Even in the post-independence period, that didn't get reversed in any way. So we are traditionally—this has to do with the kind of revenue structures that existed and all of which would be too complicated to go into, but the bottom line is that if one seriously, once you start—you start incentivizing bureaucrats and motivating them.*

Then the question comes about the next level. If that doesn't function, then your bureaucrats, even if they're willing to work, they wouldn't be able to really carry forward your reform agenda. Once you go down to that level, then the question becomes much more complicated, and in that, there isn't any template that can be followed, because Bihar's history in that sense is quite unique compared to the rest of the country.

For example, a simple question of records, like recordkeeping has been very weak in Bihar compared to the British. In the colonial period, one thing that they believed in was records, right? Which is why India has such a kind of large recordkeeping system, but it is weakest in Bihar. That is partly because of the feudal structures that exist, but also because there wasn't any kind of public investment in this building up of a recordkeeping system.

So those kinds of things then became very important. So, for example, e-governance became an automatic area to move into. But at the same time, institutional reforms in terms of a pre-existing strategy. So e-governance, okay, there are templates which can be borrowed. But if you go down to the bottom of it really—the question is not about how do you IT-enable existing records, the question is how do you create a recordkeeping system. That is a social-political issue; that's not a technical issue. So those kinds of questions I do not think there are many templates that at least he was exposed to. I don't know whether they exist.

But what I think, one thing that has been driving these kinds of reformers in post-1991 India is a kind of idea of development, a very specific idea of development where development is associated with a larger formal service sector and IT and IT-enabled services, though they are like less than 1% of the Indian economy, but still that is kind of considered the parameter of development, of having what they call world-class institutions.

So these kinds of visions were there, and that is derived from the so-called more successful states in India. So, for example, the obvious reference points become Gujarat, Karnataka, or Punjab.

MUKHERJEE: So in terms of building up just the basic recordkeeping institutions and the lower levels of the bureaucracy, not even the senior, but the lower levels, what kind of steps do you think he took to do that?

DAS GUPTA: *That is, I think that it is kind of an initiative in progress, because not much has been done beyond that of the top level of the bureaucracy.*

MUKHERJEE: And you mentioned at the top level, the biggest innovation was to just devolve authority down to the senior bureaucrats and allow them to make the decisions.

DAS GUPTA: Yes.

MUKHERJEE: And that has been successful. Would you say that that is one of the main drivers behind—?

DAS GUPTA: *Yes, that was one of the initial—like in the first year when you have a bureaucracy which has been kind of, let's say, just doing routine work and not really interested in going beyond the usual routine. For them to then find initiative and sort of take personal initiative in pursuing things—. Like one thing that I noticed for example was that not just the senior bureaucrats, but even second-level and third-level officers were working till 7:00, 7:30, 8:00 in the Secretariat, which was not something that happened earlier. So those kind of—that was there. But then there is another point of view, which is that the second- and third-level officers always worked to 7:30, 8:00; it was the senior bureaucrats who didn't. That is also something to be factored in. So it would be difficult—it wouldn't be very fair to just sort of attribute everything to that devolution of power. But that was the initial trigger. It kind of gave people a sense of ownership, because when the reform agenda is so driven by one person, then to create a sense of ownership; these are the incentives that he created.*

MUKHERJEE: And in terms of all the changes that the Nitish Kumar government made in the beginning to initiate reform, which would you say were the most important in terms of their impact on Bihar, in terms of also widening the opening for future reform?

DAS GUPTA: *The main interventions were made right after they came to power, and I think it more or less continues on those lines, because there isn't any further widening of that agenda. It's that the first concern was law and order and administrative reforms because these were two areas, as I said, the other thing in Bihar was a serious concern about law and order. Though once again it is a bit, what should I say, it is blown out of proportion, because if you really study the law and order situation in India and look at Bihar's position there, it wasn't that Bihar was the most crime-prone state in India, but at the same time, it was true that petty crime had increased a lot in the last ten years. So law and order and administrative reforms was one. The other was road infrastructure, because this was something*

that was—once again, one thing that this government was also—I would say Nitish Kumar's government—Nitish Kumar himself, rather, is very pragmatic. So he didn't really touch on the things which were complicated. Roads are a very simple thing to do if you just have the political will and the money.

The money actually was coming from the center at that time. There was a lot of it, anyway the National Highways Authority of India and the previous two governments had also put in a lot of money from the center on roads. So it was just a question of utilizing and building the roads and also upgrading certain roads and putting in more money into maintenance. He privatized that.

Then there was health, education, and I think one of the most important from the political point of view was the PRTI reforms, Panchayati Raj Institutions, because the devolution of power, 50% reservation for women, holding elections after so many years, all of this made a huge difference in terms of winning over support for whatever is his agenda.

Now in terms of matrix of success, for example, I'll just talk about one, which is law and order. If you look at the law and order, if you look at the economic survey published by the government for the last three years, you'll get an idea of crimes, crime statistics. Now you notice something, which is that most of the petty crimes are reduced—dacoity, murder—but what we call high-value crimes in Bihar, like where the whole accumulation of regime in Bihar is linked to crime. That high value crime, first of all it is very difficult to record officially. From the kind of unofficial sources that you can get in which you can gauge, that hasn't reduced—not an iota of difference has been made to that. But the more interesting thing, alarming thing, is that most of the different kinds of crime have gone down, but rape has been increasing every year since the Nitish Kumar government came to power. Here I would say that this is actually indicative of the social character of this government, which is because it is a coalition of certain section of the—I mean Nitish Kumar's traditional support base, which is one part of OBCs (other backward castes) and a small part of what is called the extreme backward castes (EBCs).

It was a social contract between them and the traditional upper class here, who en masse switched their loyalty from the Congress to the BJP in the early '90s. Now this is the coming back of the traditional upper class hegemony in Bihar. So if you go around Bihar, you will find that there is a very common, what they call good governance is called Sushasan so one opinion is that this is not Sushasan that has come back, what we are getting, but it is Bhushasan the coming back of the Bhumihsars (Brahmin sub-caste) through the back door of Nitish Kumar. Rape, I think, significantly points to—the systematic rise in rape actually significantly points to that, because the traditional upper class hegemony has always been on Jameen and Joru, like land and women, wives. So that is an alarming aspect of law and order. So while people talk about, I mean urban middle classes talk about the security they feel, at the same time, in terms of the large masses of Bihar, this is a very alarming thing.

So in that sense, the matrix of success would differ according to who are the beneficiaries of reform. So it's not unquestionably a success; there are what I would say winners and losers in every reform process.

MUKHERJEE: So you mentioned the sort of return of the upper castes through the Nitish Kumar government. It would seem that by lining with the BJP he would have had to make some sort of bargain to get their support and therefore allow the upper

caste—. What other types of bargains do you think he has made to get support for the sort of agenda that he has of governance?

DAS GUPTA: The problem is that there wasn't really any resistance to governance reforms. There is a perception that there are very strong vested interests who would be against it—because the state was a weak state rather than a strong state, there isn't really insider vested interests who would resist certain things. As long as you do not disrupt the, what should I say, the patron-client networks which exist irrespective of whether you are delivering good governance or bad governance. The thing was that earlier you had no governance and you had patron-client networks. Now what you're doing is you're saying, "Okay, you keep your patron line networks; we're not interested in that. What you just do is you deliver certain things." So there wasn't much resistance to that politically and also from within the state structure.

But it goes back to this other thing, this enabling thing that I was talking about. Like if you have office staff who've been working for years and who had nothing to do, then whatever skills they had—there is a de-skilling process that happens. So that enabling is something that is required, and that I do not think has happened right to the bottom level. Because in the end, the state delivers at the block level, at the village level. The state doesn't deliver sitting in the Secretariat. So even if things change in the Secretariat, it doesn't necessarily translate into the district magistrate's office sort of delivery, those kinds of things.

So that is one kind of coalition-building that he has to do. It's not that he has done it, but that is very necessary, to expand beyond the confines of the Secretariat and the immediate state government machinery that sits in Patna to the districts where the district administration also needs the same kind of ownership, the confidence level that has been built here.

MUKHERJEE: So do you think that that process is something that is ongoing, or is it yet to begin?

DAS GUPTA: I mean, he actually faced a problem, because unlike the senior bureaucrats who felt incentivized, at the block level, for example, he started this: once a week, I think, he used to have these video conferencing things with all the various administrators in the districts. That came as a stick approach rather than a carrot approach. So after a while, I do not think it was sustained. So he faced resistance there. I do not think they have yet found a way—the government has yet found a way to really move through that.

The other kind of, what should I say, coalition-building—the support base, because the problem with Bihar polity now is that the main contenders, the big political parties in Bihar (the Congress and the BJP are not the main political parties in Bihar) are all single-leader parties, and they do not have a political organization that once you take on an agenda then also a certain kind of ownership comes from the political organization itself to carry through that agenda. So these, I mean, it's not just Nitish Kumar's—(only the RJD has some kind of a political organization, and the BJP (Bharatiya Janata Party)) for example, Ram Vilas Paswan's party, or Nitish Kumar's party, single-leader parties.

So what happens is that he doesn't—what he faced after a point, because of his over-reliance on the bureaucracy and the administration, he has also faced resistance from the people he is dependent on politically, the other leaders within

the JDU, for example. That is one thing he has had to contend with. It was very clear before the last elections.

MUKHERJEE: Where is this resistance coming from? Why are they resisting his reform efforts?

DAS GUPTA: Well, it is not resisting so much his reform efforts, but his style of leadership, which has alienated them. So that then manifests in kind of resistance to everything. So it is more about a demand for a more democratic process rather than being told to do what they should be doing.

MUKHERJEE: So in a sense, would you say that most of the new decisions that have been made have revolved primarily around this one individual, Mr. Nitish Kumar?

DAS GUPTA: Yes, and to a certain extent, when it comes to let's say very specific departments which are held, for example, the deputy chief minister, Sushil Modi, is from the BJP. Especially for finance, for example, fiscal policy, commercial taxes, all of this. In that Mr. Sushil Modi has also played a role. But apart from that, everything is kind of single-person.

MUKHERJEE: Going back to the topic of caste, which is very prominent in Bihar. This brings up the issue of representation, that when someone tries to create reforms, there are two sides to the argument. One is that if you try to build in a lot of representation from the community, from the different sections, you end up with sort of personalistic concerns and multiple things that might slow down the reform process. On the other hand, people say representation is good for future harmony in society. So how do you think Mr. Nitish Kumar's efforts have balanced this kind of concern?

DAS GUPTA: Well, one is kind of the question of politics of representation, where anywhere in Bihar, for anyone to be in power and to function, a certain politics of representation plays out. So that has to be balanced out in terms of who gets what cabinet post, who gets what—that whole thing. Even administrative appointments for that matter, they like to be very careful in terms of not upsetting the social balance of the existing status quo of caste equilibrium. What Nitish Kumar actually faced was this one hand—this kind of total dependence on the bureaucracy, which has its pitfalls, and also a very small support base in terms of caste, because it was mainly Kurmis and Koeries.

Now what he did—one part of his reform agenda actually is kind of geared to what is widening this caste coalition, his traditional base of support. Because one thing he knows is that the traditional upper caste and the BJP are not his natural allies; it is a social contract that has been worked out because of contingencies. But there have been frictions already, and it might break down at any point. Now that the BJP is anyway nationally becoming quite like, it has its own set of crises, so BJP is also not the best bet for Nitish Kumar.

So what he has been doing is he has been widening the net—for example, he appointed several commissions, but one very important one was the Mahadalit Commission, and in which the commission identified twenty castes in Bihar as like more oppressed within the oppressed, so they were designated Mahadalits, and a special package of sort of social sector programs have been geared towards the Mahadalits. If you look at it, if you really go deep into it, what you see is these are part of either centrally-sponsored schemes or what the state has been already undertaking. Since that, part of the money has been apportioned and said that this will be clearly only for Mahadalits. So it is not that the state is investing additional resources into it; it is just like, within that, it is creating a kind

of a pool that is exclusively for Mahadalits. These are the kinds of efforts that are there —so it is on one hand—one thing must be remembered, that he came on a slogan of development with social justice. It was not merely development or merely good governance; it was good governance, development and social justice.

So the good governance part was the administrative reforms. The development part was the question of infrastructure, health, and education. Then the social justice agenda, which he has taken up now to widen his coalition. In fact, if he can do that, that also means that his efforts on administrative reforms and health and education also start paying because then the—for example, just one year after the reforms, when we had done a survey of the reforms, what we found was that in villages where most of the people were affiliated to the JDU (Janatha Dal United) anyway, everyone said all the measures were fine, and we have benefited lots. Very subjective views but kind of very, very optimistic in saying that things work, all the hospitals are functioning.

Then we go to a village which is primarily dominated by RJD, and then everyone says that nothing works here, nothing has happened, those kinds of things. But now what we—this polarization is what he has managed to bridge in the last three years. So the mandate in 2005, which was a very small mandate—it was based on his narrow base, a social contract. Now because of this appeal to social justice and saying that combining it with development has meant that he has actually—this is quite significant in Bihar, because this has not happened before. He has widened his caste base, which actually then translates into also affirmation for his development and good governance agenda.

MUKHERJEE: You mentioned that certain strains that might start appearing with the BJP going forward. Can you elaborate on that? Is there any?

DAS GUPTA: *Because both parties know it is a coalition of convenience at the moment. There is nothing inherently, because the change that has taken place in Bihar since the 1980s, after the JP (Jaya Prakash) movement is that the—on one hand what you had is a significant portion of social empowerment among the other backward castes. This has also actually meant that it is not—initially it was a social empowerment, but now it also comes with a kind of economic empowerment. So there are sections, which I would call—again, if that were the traditional elite, then this is the nouveau elite that has emerged. So there is a tussle between the two, but at the same time, at the moment, they have come to an understanding. But this is not an understanding that has any kind of basis to sort of carry on if the conditions change. Nitish Kumar, being a very politically astute person, sensed it before the elections. I do not think he expected the kind of mandate he got, but he definitely knew he would get a mandate which would be much wider than what the pollsters had predicted. What he didn't bargain for was that the UPA at the center would get the same mandate.*

At that point, what he did was he held both the UPA and the NDA (National Democratic Alliance) to sort of like—he was willing at that point to bargain with the UPA and use this question of giving Bihar special category status as his bargaining chip. So at that point the strains were quite clear. There have been also other strains, minor strains before, but this really led to—the frictions were quite open. So in that sense, there is a real reason for him, it is in his interest actually to break at a certain point, to break with the BJP for his own political expansion.

MUKHERJEE: That actually takes you to the next question, which is back in 2005, when he formed the alliance with the BJP. How did he square that off with the effort to reach out to the Mahadalits and the lower castes, because the BJP is traditionally not viewed as a party of—?

DAS GUPTA: *He didn't. It was a simple electoral strategy. It was just that RJD was becoming slightly unpopular at that point; it was not that it was vastly unpopular, because if you remember the election that led to the hung parliament, there if you look at the voting percentages and the shares, it's not like it had lost. The thing was that at that point Nitish Kumar wanted to become politically significant in Bihar, and he was in relative oblivion because the NDA had been dislodged from the center. So he was no longer a minister or anything. What it did was—it was a, I think, matter of simple strategy that was only because the Dalits were very strongly behind any way Ram Vilas Paswan. He actually had the largest; the RJD had the largest spread, if you say, of caste coalitions.*

So for Nitish Kumar, the only option at that point was to make a contract with the upper castes.

MUKHERJEE: You mentioned vested interests. Again you said within the system there are no vested interests as such, to the kind of—.

DAS GUPTA: *No, what I say is not that there are no vested interests. What I'm saying is that the entire system works on a system of—I mean, the state is part of a huge accumulation process in society. So in that sense, of course there are vested interests, like every little contract, every little allocation that is released has a series of intermediaries, beneficiaries, and all that. What I'm saying is that for the kind of reforms he has carried out, so far it has not been inimical to anybody's interest: either you are where you were; it won't affect you, or you are better off so why would you be against it? Because larger amounts of money are being released, so the cuts are going up. It's not that those people have been dislodged, and they're not getting cuts. It's not that there has been a big anti-corruption drive or anything. So there's nothing that has fundamentally—in that sense, the process of accumulation has not been touched. Everything else has been designed so that that is not touched.*

The places where it could be touched, the difficult questions: for example, land reforms. A commission was appointed. It submitted its report. The report has not been released even. So any of the difficult questions—the Farmers' Commission was appointed. It has submitted its report, but the Farmers' Commission has more work to do. But not much has been done. The Common Schools System's Commission submitted its report; it has been tabled. But there has been no effort to build a common school system. So all the commissions apart from the Administrative Reforms Commission, none of the others could be implemented, because then you would have to touch all those things. Then the question of vested interests is existing.

So wherever you know that vested interests are going to resist, he has not done it. In fact, maybe at this point one example would be that two earliest reform efforts were not administrative. The first was actually the passing of the FRBM Act, the Fiscal Responsibility and Budget Management Act, but the other one was the abolition of agricultural marketing societies. Now if you look at that, that was a question of how he handled vested interests, which is that these had existed since the 1970s. It was actually a World Bank effort to program, which had initiated this whole building of infrastructure for agricultural marketing in Bihar, and each was done by a society.

Now obviously in the 1970s, most of these were captured and nominated by the traditional upper caste, rural upper caste people. But with the 1970s and 1980s, after the social justice movement became very vibrant and strong in Bihar and the empowerment of the OBCs. You had these sections of intermediate castes that dislodged the upper castes from these societies and gained control. So one promise, one strong pressure on the Nitish Kumar government—not promise—was from the upper castes, that he should be restoring control, or at least giving them some access to these societies. Else, the other option was that he could abolish them, then nobody had any grudge. So it wasn't possible for him to do the first thing, so he did the second, which was abolishing. So this was not really kind of 'market reform'—and what it left was a vacuum, because even if there were vested interests there, even if some people had captured it, they functioned. So the question of, for example, one very important question in Bihar is of linkage for agricultural commodities to the market. These societies played an important role in that.

So once they had been abolished and nothing else was put in place, it was just that an entire—I mean, the tradition idea is that when you do such things, you are actually doing away with the barrier to the market, but what then had happened was that a link between the market and the producer had been destroyed.

MUKHERJEE: So he is clearly having to walk a very fine line between the various sections of his social coalition. This is a very interesting example of a bargain that you just mentioned that he made on the agricultural credit. Going forward, or even looking back over the last three, four years, what are the other major challenges you think he has faced in terms of keeping that coalition together? Any instances like this agricultural credit? Does anything else come to your mind?

DAS GUPTA: *For example, there are two examples that can be given. One is, for example, a part of the administrative reform processes, because there is such a severe lack of capabilities, what should I say, like even in some cases there is no infrastructure, but even if there is infrastructure, the question is that of human resource. So one of the biggest things that he did, which won him a lot of support, was this mass recruitment of teachers that took place. You must remember that teachers are not just like—in India, in every state, but especially so in Bihar, the teachers are part of the administrative processes. They do a lot of administrative duties for the state apart from teaching in the government schools.*

So 100,000 teachers were recruited. Now when they were recruited, what they did was they recruited them on contracts. These contracts were to be renewed every five years or something; I don't remember the exact tenure. It was a consolidated salary. So they wouldn't have any post-retirement benefits, and they wouldn't be entitled to any kind of gradation of pay, which the permanent teachers are entitled to. So in a state where there is hardly any opportunity of formal private employment—I mean, the formal private sector is very small, the state is the main source of employment. A government job is everyone's dream, even today.

So initially, people were very willing, and they took it up. But then the question was it could have happened anyway. Like if you have—I think the same set of duties you are doing. But at the same time, there are two sets of people you've created. One set on sort of very fragile employment conditions, and the others on a permanent security. Then the demand that the two should be the same. So

now that is he is facing tremendous antagonism on that. These teachers have organized themselves into unions, and they are asking for permanent status.

The other thing is, the same thing happened with all the states; it's not specific to Bihar. But Bihar, because it is such a poor state, and the average level of living is much lower than what it is in other states, has the question of health workers. For example, the National Rural Health Mission, the entire program, with so much money invested in it, is totally reliant on what they call activists, health activists. So they're not even willing to give them the status of a worker. So basically, it is supposed to be voluntary with an honorarium of 200 rupees. Now, then there is an intermediary who takes up 50 to 100 rupees, and the person just gets 100 rupees.

Now these are other workers who also—I mean, first of all I think personally that it is grossly unjust that when you are ready to spend so much on infrastructure, you are not willing to spend anything on human resources and you expect people to work. If you look at the ASHAs (Accredited Social Health Activists) who are supposed to be qualified up to class eight—if you just look at the list of duties that they are supposed to perform, I do not think anywhere in the world, any health worker is supposed to straddle so many skills. Then that is the kind of thing; there is no sort of compensation. Leave alone a question of benefits; there's not even a salary that they're getting.

So this is another section of people who initially had been very open. Just the fact that recruitment was taking place made a huge difference. It is another section that is very upset with him. And actually, this is also very important: when these women organized and they came into Patna in November 2007 and demonstrated, they were, I mean, they were manhandled. They were charged and water cannons were used on them. So, I mean, administrative reforms and this social reality. It is a contrast.

MUKHERJEE: So clearly, even at the lower levels, finding talent is difficult, and so the government has tried to contract out certain things, maybe not with that much success. But at the higher levels, to actually manage and design the reforms that were implemented, how did the government actually go about getting that talent? You spoke about it briefly before.

DAS GUPTA: *The government basically outsourced everything, because it was very aware that whatever the kinds of things that it was trying to do, it would be very difficult for them to do it from the inside. So one big role that was played in this was by international agencies. For example, the World Bank, DFID (Department for International Development), they all fed in. Especially DFID has been very closely involved with administrative reforms process. There is something called the Prashasanik Sudhar Mission, which has been set up, which is entirely DFID-sponsored. DFID has then contracted it out to several of its consultants and partners who—so the package of administrative reforms has been broken up into pieces and then outsourced to different people.*

MUKHERJEE: The Prashasanik Sudhar Mission is the administrative reforms commission?

DAS GUPTA: *It's not the commission.*

MUKHERJEE: It is a separate—.

DAS GUPTA: Yes, the commission gave the broad outline of what needs to be done. Then to do it, they set up this thing called the Administrative Reforms Mission. This mission is housed within the state Secretariat.

MUKHERJEE: And it is still functional? It is still carrying out—?

DAS GUPTA: It is part of—it is entirely a DFID-sponsored commission.

MUKHERJEE: I see. So if they outsourced so many things, then capacity of the state functionaries, even at the senior levels, would not maybe have developed as much.

DAS GUPTA: No it wouldn't, because what happens is in these cases either way, it doesn't seem to have much—first of all there is the question of sustainability. What happens is then you outsource such basic things as changes in administration: somebody comes in from outside, is on a two-year project, suggests certain kinds of things and then goes away. So your main brain, who has been advising you, is no longer available to you after two years. , as and when these are not—I mean, an administrative reform is an ongoing process. So then the whole thing really—often what happens is you're back to square one. You start again from zero. So in that sense also there are a lot of problems with this kind of outsourced reforms.

The other thing is that in terms of capacity-building, okay, every reform agenda that has come, and so far it has always had a training development component, capacity-building. But the question is that of once again sustainability. Like when funds are available, somebody is ready to pay for it, the training takes place. But then like maybe it is a one-time training, and then something is slotted for say a year later, which then doesn't materialize. This has happened repeatedly.

But at the same time, they did set up something called, I can't remember the name of the institution, but I can tell you; I can look it up later. I think it is called BIPARD, I don't know the full form, which was, once again it existed, but it was a non-functioning institution. That was actually rejuvenated so that in-house administrative training on a long-term basis could be carried out.

MUKHERJEE: In terms of actually motivating people around him or in his team to carry out these things, did Mr. Nitish Kumar or his close advisors employ any sort of special rules or management techniques to actually achieve, to incentivize good performance in the government?

DAS GUPTA: I do not think there were any performance-related incentives. It was more like the other way around, that the incentives were first given and then people—at least the senior bureaucrats, in the first one and a half years, were clearly motivated to perform. So you didn't really have to face much.

MUKHERJEE: How did he pick them, the senior bureaucrats?

DAS GUPTA: Part, some of the people were brought back from central deputation, people he considered, people who worked with him when he was a minister in the Indian government. He handpicked them. Then there was also the question of the caste balance. So that was one consideration. Then there was the question of obvious RJD loyalists all removed, and then the BJP also had its own demands. So certain officers, by virtue of being close to some BJP persons, were also brought in. But at the same time, like the motivation levels, apart from that, there were also at least four or five who were very key officials, who were very important.

Within the bureaucracy also there is a hierarchy, and there are four or five very important posts. These I think he did put in a lot of effort, or thinking at least, to appoint people who would be responsive to his ideas.

MUKHERJEE: Which posts were these?

DAS GUPTA: *For example, Finance was an important thing. Development Commissioner is a very important post, Home (Affairs). These were key areas in which—. So this is where the administrative reforms are supposed to take shape.*

MUKHERJEE: So do you think he personally reached out to these people to bring them back to the state?

DAS GUPTA: *This I wouldn't be able to tell you. I'm not very familiar with that.*

MUKHERJEE: No problem. In terms of deployment now, we're talking about actually the nitty-gritty of the reforms. How, in terms of deploying manpower and resources, you've already talked about a few of the reforms, but in terms of a success story, a deployment success for the government, and also a deployment failure, if you could give just briefly one example of either type.

DAS GUPTA: *For deployment success I think, it is not an unqualified success, but at least to the extent that this teachers' recruitment thing, I could say this is an example of both success and failure in the sense that the success was that—first of all the very process of bulk recruitment and sort of being able to just have the administrative capacity to appoint 100,000 teachers is unbelievable. That happened and it was—of course, there were allegations of certain, you know, malfunctions or let's say someone does a wink - but overall, I mean, I do not think—it might be that somebody who was better didn't get appointed, but what we can say is the persons that got appointed, at least on paper, all of them had the qualifications. Now, within that, who got and who didn't get—I mean, that is another question.*

At the same time, the deployment failure is in this: when we did this survey of teachers' appointments, what we found out is that in 35% of the cases of appointment, if you go around in Bihar now, almost you will find every sort of—not among the absolute poor people, but among the relatively more affluent or even small-farmer households, you will find at least one person who has been appointed as a teacher. So every family will tell you one story about somebody who has got an appointment. But the thing was that in the six districts that we did the survey on, on average 35% of people told us very openly that they had paid big bribes to get these appointments. So one would think that if you had paid a bribe, and somebody had taken a bribe, both parties would be unwilling to tell you. But here it was so open: both the person who has taken the bribe and the person who was given the bribe were telling us very openly, not just how they had paid a bribe, but how much bribe they had paid, and that was 100,000 rupees, almost for the post of a teacher.

So on one hand you have this deployment. So now the schools have been staffed. Student/teacher ratio has improved, and you can see there are certain other measures which have been taken, which have actually now started reflecting in lowering of dropout ratios. But if the end justifies the means, then it is okay, but if it doesn't, then there are big questions.

MUKHERJEE: So that brings up this issue of brokerage, which is that in a lot of civil services around the world, positions are bought and sold on commission. You just

mentioned that in the case of the teachers. Is this a more widespread phenomenon in Bihar or is it—?

DAS GUPTA: It is a widespread phenomenon in Bihar, but I do not think it is very exclusive to Bihar. I mean, I think it is quite common in other parts of India as well. It's just that wherever there is a huge amount of people who are contending for a position, and there was a level of deprivation is so high, then this is a very obvious social outcome. I do not think it is even specific to India; I think it is specific to many parts of the world.

MUKHERJEE: But has the government thought of taking any steps to actually counter the effects of this kind of brokerage.

DAS GUPTA: As I was telling you, that would be really difficult for any government to do. That would mean revolution in Bihar. It would be a radicalizing revolutionary process. That kind of politics—not just Nitish Kumar, but all the mainstream parties in Bihar—the kind of politics they espouse - no one would be willing to touch this. They're all, in some way or the other, dependent as well on this process.

MUKHERJEE: Just talking briefly about the chief minister's own style of functioning—.

DAS GUPTA: Just one thing, going back before this, the people of Bihar have started rejecting it in a certain way. If you see the last election results, one significant—the 2009 general elections—was that all the sort of big goons and criminals who fought elections, most of them lost, which was not the case even five years earlier. Sometimes when they couldn't contend, they would put up their wives. The wives also lost. So in that sense, there is also a rejection coming from the people. But for the people in power to function and reject is different.

MUKHERJEE: So just going back to some aspects of the chief minister's own style of functioning, some people have said that his own background has made a difference to the office of chief minister. Could you talk a little bit about what factors about his background and his management style have helped him succeed in a place where others have failed before him?

DAS GUPTA: Well, I wouldn't say—first of all, I would severely disagree with you if you say others have failed, because others haven't. I'll come back to this later. The thing is that much of the hype around Nitish Kumar's way of functioning is attributed to three things: one is that he's an engineer; the other is that he is erudite and he speaks well. This is very typical, what should I say, upper class chauvinism in terms of—how you speak doesn't really translate into how you function. Actually, in fact, what is unstated is basically the difference in social backgrounds. Because Nitish Kumar comes from a relatively affluent background compared to say Lalu Prasad Yadav—I mean, now they're all affluent, but this is the question of that earlier social justice thing that I was talking about. It doesn't really mean that everybody who was OBC necessarily came from the same lines.

So that is one important thing that people should bear in mind when they make these kinds of assertions. The other is that, let's say when he was a central minister, he was not very remarkable, there was nothing that he did which really made him remarkable. On the other hand, if you look at Lalu Prasad Yadav, he made a big difference in terms of the railways. There also his management style then became very important. Then people were not worried about how he spoke, right?

So it is a question of delivery. So I do not think that it has much to do with his background. But what he does have, because he has a technical background, that gives him a certain edge in terms of let's say engagement on techno-managerial issues, for example, road-building or power. These are the kinds of things that would be up his alley.

MUKHERJEE: Sure, talking about information now. Where do you think the chief minister turns to for his ideas, his advice, information, because it seems very much that he is a sole functionary, but there must be somewhere that he gets his inputs from.

DAS GUPTA: *He has one important thing going that he has been doing—these international organizations, he has engaged with them a lot in terms of exchange of ideas. It doesn't necessarily mean that he is just doing what they're saying, but at least in terms of exchange of ideas, inputs, he pays a lot of importance to that.*

The other is he has tried to sort of take, for example, the advice of economists, public functionaries who are not necessarily based in Bihar, maybe not even based in India. He has this idea of, for example, for the Nalanda University that they're trying to set up, the entire board is comprised of people like Meghna Desai, Amartya Sen. So in that sense, he has got an outward-looking approach towards ideas, but and here locally, I think because the public institutions are mostly defunct—but there are a few key people among the intelligentsia whom he consults regularly, but I do not think he has a very big institutional support system yet for his agenda.

MUKHERJEE: Do you think that is going to be a challenge to the sustainability of his reforms?

DAS GUPTA: *Definitely. You cannot have institutional reforms without having institutions that can help you to sustain those reforms.*

MUKHERJEE: I think we can stop there; thank you very much.

DAS GUPTA: Yes.