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from the RINGSIDE

PART II

Resolving Bihar: Poverty and Potential

Bihar has failed in addressing its major development imperatives. This represents both an absence of a credible developmental strategy coupled with poor governance quality.

The gap between policy and implementation is not new. Land reform is an early example. Bihar was the first State in Independent India to legislate on land reform. Its implementation, including conferring tenancy rights to tillers, ownership rights to share croppers, and implementation of land ceilings was and is disappointing. Bihar never proceeded to any meaningful implementation due to a combination of inadequate political will and the enormous clout of the rich landed class: the Bihar Abolition of Zamindari Act of 1948 was challenged in Court and did not proceed. It was later replaced by Bihar Land Reforms Act of 1950, but still faced complex legal obstacles with tardy implementation. This inaction on land reform limited the benefits of the Green Revolution. The new technologies, which brought significant changes in farm incomes and agriculture sector, did not reach in Bihar, and land outlays and agricultural productivity stagnated. Ironically, Bihar is one of the states that could have most substantially and sustainably benefited from the Green Revolution, given its hydrological resources.

Successive governments have failed to improve governance quality. The decline in recent years has been more perceptible. A redressal would need to concentrate on seven critical components.

First, de-politicisation. Almost every activity in the State is viewed in terms of caste, or communal divide; vote politics overshadows sensible economics. This needs a thaw and, at least for next five years, a shift of focus from politics to economics. The depoliticisation includes civil service reforms, including improvement in the quality of public delivery system, security of tenure, merit-based placements and reviving the confidence of field organisations, particularly in roads and irrigation which significantly can improve both efficiency and quality of projects.

Second, improving the overall security environment by better guarantees on security of life and property, creating an environment which can reverse hemorrhaging of capital and managerial outflows and improving the climate for gainful economic activity is critical.

Third, the experiment of having central agencies to implement projects as part of the compensation packet for partition of Bihar needs to be accelerated and clarified. The initial goal was to cocoon these projects from the deep-rooted malaise in institutions at the state level, but there are subsisting ambiguities regarding project implementation, operation and maintenance.

Fourth, an improvement in the fiscal parameters is critical for economic viability in the least for an effective utilisation of Central and Centrally sponsored resources. It is ironic that while the focus of multilateral institutions like the World Bank and the Asian Development Bank is poverty alleviation, Bihar with the highest incidence of poverty does not have a single externally aided project. Any strategy to persuade multilateral externally aided projects would need assurance on security as well as meeting minimum performance criteria for ensuring project viability.

Fifth, the comparative advantages of Bihar's plentiful groundwater at shallow depth in North Bihar whose harnessing would improve agricultural productivity. Links with improved road and tele-density along with cold-storage chains create enormous scope for value-added agro-processing activity. South Bihar's irrigation systems need significant rejuvenation and the more drought-prone areas' imaginative water harvesting and cropping patterns suited to economical use of water.

Sixth, considering that Bihar ranks 11th among 15 States in the Infrastructure Index, improved energy availability is crucial. Augmenting capacities, improving distribution networks to roads, transmission and distribution losses, unbundling electricity boards, encouraging private investment at the distribution end, setting up joint ventures for generation systems close to the nearby coal pitheads is part of the strategy. Ensuring smoother implementation of ongoing NHAI programme coupled with upgradation for resources available for state highways and effective utilisation of funds from the Pradhan Mantri Gram Sadak Yojana needs close attention. The low tele-density reflects the enormous scope for improvement even in the short run.

Seventh, the demographics of Bihar give it some distinct advantages. Students from Bihar are successful in the more competitive environment in other parts of the country and universities abroad. The given demographic profile if coupled with significant improvement in educational systems has significant multiplier benefits. Bihar's demography can become its opportunity instead of drag. Improved education and health quality and investment climate will also reverse larger migration out of the State for better utilisation of talent which can be harnessed from Bihar.

Finally, its low level of development and productivity, sad as it is, also represents the enormous scope for improvement even with incremental investment particularly in the social sector. Among all the aforesaid factors, restoring security of life and property which is the basic *raison d'être* of any State remains the critical component. The Supreme Court judgement setting aside the constitutionality of the Presidential action in dissolving the Bihar Assembly has raised moral issues which will inevitably remain unresolved. The least we can do is to support the Government which comes to power in a development blue-print to turn Bihar's poverty into fulfilling its potential. We need to restore dignity to Biharis and restore part of Bihar's lost glory.

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