

Scrabbling Away From the Abyss

Nitish Kumar's victory in last month's Bihar election celebrates the triumph of economics over feudalism, but the climb out of poverty will be steep and hard. BY CHAITANYA KALBAG



Nitish Raj: His election victory is seen as being decisively non-denominational

Schoolgirls on bicycles. Schools that actually function. Half of all *panchayat* posts reserved for women. Close to 40,000 criminals put behind bars. Roads that can be driven on and bridges that can be crossed. "This was a construction election," say economists who have watched Nitish Kumar move decisively away from the identity-based caste politics that

turned Bihar into India's most pitiable state during the decade and a half to 2005.

It was a decisively non-denominational election victory. "Nitish symbolised homogeneous and not class-oriented development, and this suited everybody," says Nawal Kishore Chaudhary, Head of the Department of Economics at Patna University. Over the past five years, he adds, eco-

nomic development became the slogan, translated in terms of policies and programmes and coupled with a significant improvement in the law and order situation.

The state government's achievements in its first term are impressive. It built 2,136 km of roads, 375 large and 1,104 smaller bridges in the 2006-10 period. Developmental expenditure as a percentage of total ex-

penditure rose to 67 in 2009-10 from 40 in 2004-05.

But the performance of the National Democratic Alliance, or NDA, in social development during Nitish Kumar's first term was not very good, Chaudhary says. "Health, education and the power sectors were neglected and could not achieve targets." The Bihar Economic Survey 2010 says as of

graphically as Hungary.

The Nitish Kumar government's biggest failure, the economists *Business Today* spoke with said, was in agriculture. Chaudhary says the Bihar government trumpeted average annual growth of 5.58 per cent in agriculture during the 2004-05 to 2008-09 period, but the data was suspect. During these five years, he says, agriculture shrank as a sector in 2005-06, 2007-08 and 2008-09 — the last marked by the Kosi river flooding. "Who is Bihar shining for?" asks Chaudhary, noting that over 90 per cent of Bihar's population depends on agriculture. Significantly, the Bihar Economic Survey last February said: "It is very likely that the next census of 2011 will show that a substantial portion of the rural population has moved to urban areas for more rewarding employment."

Digambar Mishra Diwakar, Director of the A.N. Sinha Institute of Social Studies in Patna, says the shift away from agriculture has triggered social tensions and fostered a "dependency syndrome". He points out that 30 of Bihar's 38 districts are riddled with Maoist violence. "The middle class is with Nitish," says Diwakar. "But caste cannot be wiped out." Nitish Kumar's efforts to improve gender inequality notwithstanding, he says, "I don't think women have moved enough away from caste to vote independently despite reservations."

Diwakar says Lalu Prasad Yadav alienated Bihar's bureaucracy, while Nitish has kept them in good humour. "Governance has improved, but corruption, too, has gone up," he says.

Shaibal Gupta, Member Secretary of the Asian Development Research Institute, says Nitish's greatest achievement in his first term was to "resurrect" the state structure and reassert the authority of the state. Gupta, too, says agriculture has suffered under Nitish. "Both in irrigation and power generation there has been no breakthrough," he says.

The state government says GSDP, or gross state domestic product, grew at an average 7.06 per cent annually from 1999-2000 to 2009-10. It says this was mainly because GSDP grew at an average 11.35 per cent between 2004-05 and 2008-09. Gupta notes that the GSDP growth figure is on a much lower base than any other Indian state.

A Deutsche Bank study of Indian states' debt and fiscal deficits published a few days before the Bihar election results spelled out the stark challenge for the NDA government over the next five years. Bihar's gross fiscal deficit as a percentage of its GSDP rose sharply to 6.5 per cent in 2008-09, the highest in India, from 1.5 per cent the previous year, indicating that state borrowing and spending had shot up exponentially ahead of the Assembly elections. The state's own tax revenue as a percentage of its GSDP was only 5.5 per cent in 2008-09, better only than West Bengal's. Bihar's debt as a percentage of GSDP was again at a staggering 49.1 per cent, just ahead of Uttar Pradesh's 50.8 per cent. "We find that Jharkhand, Bihar, West Bengal and Uttar Pradesh are some of the states having the worst fiscal dynamic," the Deutsche Bank's Taimur Baig and Kaushik Das write. "Given that Bihar, Uttar Pradesh and West Bengal together would account for more than one-third of the rise in India's population between 2010 and 2025, their poor fiscal ranking is particularly worrisome."

What does this portend for India's poorest state? As population grows, the government will have to scramble to generate new employment and attract more investment. "If the incidence of migration gathers pace, as people shift elsewhere looking for employment opportunities, the fiscal position of these states could deteriorate even further, as the government's own tax revenue falls, thereby raising the deficit and the debt," Deutsche Bank said. A grim prognosis for a new government. ♦

All New Bihar

Not caste or class. The people voted for law and order, development and empowerment. Not forgetting the bicycles.



Yes, even Patna is getting high-rises. A villager tries to figure out the traffic.



PHOTOGRAPHS BY SHEKHAR GHOSH

Umakant had to give up most of his small holding for a giant power project in Barh. He continues to till what is left and has refused the government compensation.



The government has given bicycles to every girl student. The headcount of this school in Hajipur has doubled as a result.

Dr Yogendra Thakur, a vet, teaches children in his village Amritpur, in Vaishali district, in his spare time. Free.



At last, Mahadeo Prasad of Begumpur, in Patna district, can till his plot next to a national highway, without fearing the land mafia.



Criminals no longer control the supply of river sand for construction. The government regulates it for a token fee. The workers are paid well. At Chanderi Ghat on the Ganga river.



Patna Yatayat: Private buses make a killing on the freshly-paved roads, because the State Transport Corporation has to be rebuilt. New buses, new roads, old habits.

