April 10, 2010

**Turnaround of India State Could Serve as a Model**

By LYDIA POLGREEN

PATNA, India — For decades the sprawling state of Bihar, flat and scorching as a griddle, was something between a punch line and a cautionary tale, the exact opposite of the high-tech, rapidly growing, rising global power India has sought to become.

Criminals could count on the police for protection, not prosecution. Highwaymen ruled the shredded roads and kidnapping was one of the state’s most profitable businesses. Violence raged between Muslims and Hindus, between upper castes and lower castes. Its economy, peopled by impoverished subsistence farmers struggling through alternating floods and droughts, shriveled. Its government, led by politicians who used divisive identity politics to entrench their rule, was so corrupt that it required a newly coined phrase: the Jungle Raj.

The name captured everything that was wrong with the old India — a combustible mix of crime, corruption and caste politics in a state crucible that stifled economic growth.

So when Bihar announced earlier this year that it had notched an 11 percent average growth rate for the last five years, making it the second fastest-growing economy in the country, the news was greeted as a sign that even India’s most intractable corners of backwardness and misery were being transformed.

“‘If even Bihar can change, then anywhere in India can change,’” said Shaibal Gupta of the Asian Development Research Institute, an independent think tank here. “‘With good governance, good policy and law and order anything is possible.’"

Bihar’s turnaround illustrates how a handful of seemingly small changes can yield big results in India’s most impoverished and badly governed regions. It also demonstrates how crucial the governments of India’s 28 states, many of which are larger than most countries, will be to India’s aspirations to superpower status. State governments are responsible for everything from schools to hospitals to policing to building and maintaining most roads. Failing states, especially large ones like Bihar and its troubled neighbor, Uttar Pradesh, could make or break those hopes.

“‘Real change in India will come when we get the right kind of state level and local leadership — a forward-looking, modern and compassionate leadership that strengthens the foundations of our great republic,’” Manmohan Singh, India’s Prime Minister, said in a speech to business leaders last November.
Bihar is a textbook case of how leadership determines development.

Lalu Prasad, a wily populist politician whose party peddles a message of lower caste empowerment, ran the state for 15 years from beneath a banyan tree. Under Mr. Prasad’s watch, criminal syndicates kidnapped, extorted and robbed with impunity, protected by political leaders, or in some cases led by politicians.

Mr. Prasad’s government did little to improve the daily lives of Biharis. Its already dismal roads disintegrated into impassable tracks. Its schools crumbled; teachers did not show up for work. Its health centers were left unstaffed. Bihar had some of the country’s sickest, poorest and shortest-lived people in India, a dismal catalog for a state that in its glory days, a few millennia ago, was home to one of South Asia’s most powerful empires and the place where the Buddha reached enlightenment.

Despite this record Mr. Prasad was re-elected once, and then when forced to step aside in a corruption scandal, he appointed his wife as his stand-in. She was also re-elected. But in 2005 the current chief minister, Nitish Kumar, himself from a lower caste, cobbled together an uneasy but successful alliance of the wealthy upper caste that Mr. Prasad had exiled from power and the very lowest of the Dalits, or untouchables. He promised to dismantle Mr. Prasad’s Jungle Raj.

“It was not a case of bad governance,” Mr. Kumar said in an interview. “Governance was completely absent from the state of Bihar.”

When Mr. Kumar took over, he found government offices filled with dusty files and Remington typewriters. It was as if most of the 20th century had passed Bihar by.

He tackled crime first. The order went down to the lowliest constable — the law was to be enforced, and criminals would be punished, no matter their political connections. Powerful men were arrested, many of them sitting members of Parliament and the state assembly. They were convicted quickly in fast-track courts. “That gave a clear signal that the law will prevail,” Mr. Kumar said.

Next came schools and hospitals. More than 2.5 million school-age children were not attending classes; by 2010 that number was reduced to fewer than 800,000. Clinics that had been seeing 30 patients a month because they had no medicine or doctors were staffed up and restocked. By 2006, the patient load had increased tenfold.

He loosened bureaucratic rules to move important infrastructure projects along more quickly. Before, projects costing little more than $50,000 required cabinet-level approval, and piled up on the desks of senior officials as the fiscal year ticked away. Mr. Kumar raised that limit to $4.4 million, and billions of dollars in infrastructure have been built.

This progress, and its limitations, is clearly on display in the villages of rural Bihar. Reaching the village of Pawna from the district capital, Ara, once took more than two hours, but today it is a 30-minute drive. Solar lights illuminate narrow lanes. The street market that used to shut
promptly at sundown because of bandits now bustles late into the evening. The village has a new police station, more schools and new water pumps.

But Gulab Chand Ram, a landless Dalit farmer in Pawna, said the government had done little to tackle the problems of the very poorest, those with nowhere to go on the new roads and nothing to steal.

"It is paper talk," he said of the reforms. "We farmers still lack land, we lack water."

The first layer of reforms have produced spectacular results, but more complex problems like changing feudal land laws to give land to people like Mr. Ram will be much trickier, analysts said. And Bihar’s growth, of course, is relative, and given its dismal state until recently, the smallest gains have outsized impact. Almost no private investment has come into Bihar despite the improvements.

Gangotri Iron and Steel, a company manufacturing rebar to fuel the state’s construction boom, recently opened a plant in the town of Bihta on the outskirts of Patna. Umesh Sangarayam, the plant’s operations manager, said that while the law and order situation had improved, the absence of reliable electricity and the unpredictability of the state’s politics may be scaring investors away.

"If the wrong people come into power in Bihar, you could be finished," he said.

Indeed, it is a testament to the enduring power of caste in India’s politics that Mr. Kumar, despite his achievements, will face a tough election battle later this year. His main opponent is likely to be Mr. Prasad, who dismisses Mr. Kumar’s success. "He cheated the people of Bihar," he said, flanked by a phalanx of advisers who vigorously nodded at his every word and attended by a manservant whose only job appeared to be flicking mosquitoes away with a white towel. "I am committed to the poor people, the depressed people, the lower-caste people."

It is a message that cannot be discounted, Mr. Gupta said. "Identity politics is strong," he said. "We hope that voters will choose development over caste. But in Bihar one never knows."

Hari Kumar contributed reporting.