

# **Ideas behind recent economic reforms in Bihar & their impact**

CHIRASHREE DAS GUPTA



**Asian Development Research Institute**

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## I. INTRODUCTION

The ruling National Democratic Alliance (NDA) is a coalition consisting of an alliance between the Janata Dal (U) and Bhartiya Janata Party (BJP) that came to power in November 2005 and currently rules the state. This is a coalition of extremes. The BJP is a party associated with the upper classes and castes. The power of the traditional elite should not be undermined as the land-based interest groups are very strong in Bihar till date. Landholding patterns are marked by rent-seeking by landowners, and increase in informal tenancy, both of which lead to poor investment in land. The rest of the coalition partners represent motley factions of socially and economically backward classes. A fraction of the leadership of these classes decided the contours of the ‘social justice’ agenda of the earlier regime led by the RJD. Since the ruling coalition is heterogeneous, the only political lubricant that can carry forward this coalition is a reform agenda geared towards ‘good governance’ (*sushasan*) and development. Thus, this agenda is almost a compulsion for the government and underwrites its existence. This agenda encases areas that would catch the public eye like infrastructure, law and order and the service delivery systems, primarily in health, education and poverty alleviation.

In its execution, the reform agenda faces a challenge from the bureaucracy, not only in terms of work ethics, commitment and psychology, but also an element of capacity in terms of technical competence, experience and numbers. The development agenda thus faces constraints from even within. In spite of these constraints, the first 15 months of this government’s rule has been marked by several reform initiatives that are in various stages of progress.

Most institutions in Bihar related to governance had been non-functioning for decades. The obvious task of the new government was to revive the institutional functioning of governance right from the top to bottom levels. This entailed the bulk of the ‘reform’ process in Bihar.

The reforms adopted by the present government can be classified into distinct categories:

1. Minimal Function of the State: The complaint against the Bihar government for a long time was that it was a non-functioning government. When the present government came to power, they took some initiatives to make the state function again. These have been in the fields of

law and order, administrative reforms, and fiscal management. We have selected Fiscal Management as an area of study for this report.

2. Growth: Bihar was a non-performer in terms of growth when this government came to power. The present regime, as already argued earlier, is backed by the traditional elite in the state. The bulk of this traditional elite is tied to agriculture. Agricultural performance in Bihar has been quite consistent in the last few years and agriculture has grown at a rate higher than the national average. Efforts have been made by the present government to cater to both the social and technical needs of agriculture through a plethora of measures. These entail appointment of the Land Reforms Commission to address the social base of agriculture and the Farmer's Commission to address the technical base of agriculture. Further, the Agricultural Produce Marketing Committee (APMC) Act has been repealed and a New Agriculture Policy adopted in its place. These measures in agriculture are very specific to Bihar and have come at a time when, nationally, agriculture has been a neglected subject. We will study the abolition of APMCs and the New Agricultural Policy in this report. We will also present a study of the two Commissions – the Farmer's Commission and the Land Reforms Commission separately in this report.

In addition to agriculture, the State Government has adopted an Industrial Incentive Policy, which is very close to the industrial policies being adopted by different developed states in India. We present a brief review of this Industrial Incentives Policy as well.

3. Growth in Human Development: The third area of focus has been growth in human development. For transitional economies today, this is considered to be a vital aspect of investment. Accordingly, this government has prioritised education and health as the two areas in which service delivery has to be spruced up through a series of reform initiatives. One important measure has been the recruitment of teachers to bring the pupil-teacher ratio in the state close to 40:1 which is the desired norm. We review the process of appointment of teachers in this report along with other reforms in education. We also present an extended section on the plethora of measures undertaken in the health sector.
4. Infrastructure Development: The next important area of attention has been on basic infrastructure development. The efforts have been most visible in road construction. There is

also a series of initiatives planned in the power sector. We provide separate reviews of these two sectors.

5. Empowerment: The last agenda carried by this government has been one of empowerment of the marginalized classes. The ways of achieving this at the level of functioning of the Panchayati Raj Institutions (PRIs) is included in our study.

### **Ideas behind Reforms**

Thus, in our analysis, we consider ten crucial areas chosen by this government for reforms to articulate and expand the revealed preference behind the objectives in political economy terms. The reforms exercise entailed three kinds of activities:

1. Increased allocation of resources to existing activities
2. Stepped up vigilance and alacrity in expanding existent resources
3. Finding out new ways or approaches to activities, some of which may not require additional resources.

For a focussed study of the reform initiatives, we have selected ten major reform areas in the state. These are:

1. Fiscal Management
2. Repeal of the Agriculture Produce Marketing Committee Act
3. New Agriculture Policy
4. New Industrial Policy
5. Appointment of teachers
6. Health Delivery
7. Road Construction
8. Power
9. Urban Development
10. Functioning of Panchayati Raj Institutions (PRIs)

In studying the reforms, our main emphasis will be on:

- State of affairs and problems
- Idea behind the reform initiative
- Sequence and priority of reforms

The main source of information for this section is the records of the Cabinet Meetings held in the first year of the new government from November, 2005 to November, 2006, other government documents and interviews with relevant government officials.

### **Impact of Reforms**

The impact of reforms constitutes the second thrust area of the study. Based on field visits in five districts – Araria, Lakhisarai, Bhojpur, Saran and Patna — we will present a qualitative assessment of the impact of economic reforms on service delivery systems in health, education, infrastructure, Panchayati Raj Institutions and district administration.

### **Study of Commissions**

The study of four constituted Commissions presents the third major component of the study. This will explore the following areas:

- Why Commissions were chosen as a route
- Terms of Reference of Each Commission
- Possible Outcomes from these Commissions

## **II. IDEAS BEHIND ECONOMIC REFORMS**

### **2.1 Fiscal Management**

When the erstwhile state of Bihar was bifurcated into the states of Jharkhand and present Bihar, with almost the entire forest and mineral resources falling within Jharkhand, the economic scenario of the present Bihar looked very difficult. The revenue receipts plummeted by a quarter (from Rs. 3085 crore in 1999-2000 to Rs. 2319 crore in 2001-02) and the non-tax revenue receipt by nearly three-quarters (from Rs. 1166 crore to Rs. 287 crore) from the pre-bifurcation levels. While the Gross State Domestic Product (GSDP) decreased by about 30 percent, the financial

liabilities decreased by about only eight percent. On the expenditure front, the revenue expenditure went down by about Rs. 3200 crore (from Rs. 14362 crore in 1999-2000 to Rs. 11159 crore in 2001-02), and the capital expenditure decreased by Rs. 500 crore in a state that needed substantial public investment to lift it out of its present low level of development. From that difficult financial position, Bihar in 2006-07 has come a long way.

When the present government came to power, there was a revenue surplus. The trend rate of the fiscal deficit was low. It was a very low expenditure scenario. After the fodder scam, there was a generally cautious approach to any kind of spending decision. The financial administration was highly centralised with more emphasis on procedures. As a result, decision-making took time.

At the end of financial year 2004-05, fiscal deficit was low at Rs. 1242 crore (1.98 % of GSDP) and a revenue surplus of Rs 1076 crore, but there was a huge debt at Rs 42,000 crore (74% of GSDP) as on 31.3.2005. The cash balance was also at Rs 4000 crore. Capital expenditure was just Rs 1462 crores. State Plan expenditure was a mere Rs 3124 crore.

Average (2001-02 to 2004-05) level of revenue deficit and fiscal deficit was at Rs 600 crore and Rs 3000 crore, respectively. Thus, the state government was taking a loan of Rs. 3000 crore every year to finance non-debt repayment expenditure. Average GSDP was at about Rs. 55000 crore. Thus, the fiscal deficit was at about 5.45 percent of GSDP.

Ideally, the government should have high state plan expenditure with high component of capital expenditure as well as non-plan expenditure on operation and maintenance. This should be financed from internal resources as far as possible without resorting to huge borrowing. A medium term sustainable level of borrowing is generally at 3 percent of GSDP. Secondly, carrying high cash is counterproductive as state has to borrow at high interest for development and not able to spend in a meaningful manner is detrimental. From the above perspective, the following were bad about the fiscal management:

- (a) Fiscal Deficit has remained high at 5.5 percent consistently. Too much borrowing has been unsustainable in the medium and long term.



- (b) The government was carrying huge level of cash. It was taking huge loan and then not utilising it.
- (c) Low level of state plan expenditure and even lower level of capital expenditure.
- (d) Accumulated debt was becoming unsustainably high.

Following major steps were taken in fiscal management after the present government came to power:

- (a) Fiscal Responsibility and Budget Management (FRBM) Act was enacted immediately, limiting the level of borrowing and bringing it down to the medium terms sustainable level of 3 percent of GSDP by 2008-09
- (b) No additional market borrowing is being taken. However, the loan from the National Small Savings collection which is compulsorily given by the Government of India at a high rate of interest of 9.5 percent had to be taken by the State Government
- (c) Some high coupon loan of NABARD and National Cooperatives Development Corporation of the Government of India were prepaid in one installment
- (d) Additional efforts to raise the grant-in-aid from the Government of India to augment state's internal resources. This has been possible as a result of close monitoring of Centrally Sponsored Schemes and Twelfth Finance Commission Schemes
- (e) Emphasis is also given to get more and more schemes financed from NABARD-RIDF which provides cheaper loan. Procedures have been simplified so that the individual departments can send their own proposals to NABARD and also start the execution of schemes from budget so that the delay in the implementation of schemes is avoided

#### Tax Management

VAT tax rates have been rationalized, keeping in view the rates in the neighboring states to prevent diversion and tax avoidance and to encourage voluntary tax compliance. VAT offices are being networked and a comprehensive VAT Management Information System is being implemented with the assistance of Tata Consultancy Services. This will enable online registration, deposit of tax online and detailed MIS reports to check evasion.

Registration rates have also been rationalised and brought down to 8 percent from 15.4 percent in urban and 6 percent from 8.4 percent in rural areas. Apartment Registration has also been made compulsory. These steps will boost voluntary compliance and increase collections in the medium term. All the registration offices in the state have been computerised.

Motor Vehicle Tax has also been brought down as the rates were hiked unreasonably in the past leading to registration of vehicles in Jharkhand. This process has been reversed.

Computerisation of all District Transport Offices (DTO) is on the anvil and will be completed in this financial year.

Bihar State Beverages Corporation has been set up to check the adverse effects of linkages of production, wholesale and retail trade of liquor. The Corporation has taken up wholesale trade on the pattern of Tamilnadu.

Integrated check posts are being set up at certain key entry points in the state for the collection of intelligence and check tax avoidance.

### Debt Management

The passing of FRBM Act has led to consolidation and rescheduling of central loans contracted till 31.3.2004 and outstanding on 31.3.2005 at 7.5 % interest rate. This has led to savings of Rs 620.45 crore on account of debt repayment and Rs 1268.27 crore on account of interest payments over Twelfth Finance Commission period which can be put to development purposes.

The state government is exploring World Bank, DFID and ADB for having multi-tranche development policy loan at cheaper interest rate to retire high coupon loan and for getting funds for key development projects and reforms in public service delivery.

The government is also trying to persuade financial institutions through RBI to retire high coupon State Development Loans contracted earlier.

In addition, the government is setting up a full-fledged debt-management cell in the Finance Department for having a long term view and plan for debt management.

### Development Expenditure

Following steps were taken to increase development expenditure:

- (a) Simplification of procedures in case of plan expenditure
- (b) Powers to departments raised for appraisal and approval of plan schemes up to Rs. 10 crore and of the Finance Minister for appraisal/ approval of plan schemes up to Rs. 20 crore
- (c) Full budget for the entire year passed in March itself
- (d) Relaxation of quarterly cash flow restrictions
- (e) Enhancement of powers of technical officers at the field level
- (f) Budgeting for 125% of the plan target so that there is flexibility for the departments for taking up more schemes and thus resulting in target achievement. Earlier, the budget was restricted to the target and, therefore, the achievement used to be much below the target;
- (g) Departments were asked to take up schemes for double the amount in the budget so that expenditure in those schemes is as per the budget. Earlier, the schemes were restricted to budget amount and hence actual achievement was much below the budgeted amount.

### Additional Resources

Sources of additional resources are as follows:

- (a) Increased devolution as state's share from central taxes (Rs. 11,500 crore in 2006-07 as compared to Rs 8000 crore in 2004-05)
- (b) Twelfth Finance Commission grants in health (Rs 300 crore per year) and education (Rs 500 crore) sectors plus other state specific schemes (Rs 111 crore per year)
- (c) Taking up schemes for double the amount in the budget
- (d) Emphasis on getting grant-in-aid from the Government of India by close monitoring of CSS schemes and other schemes in the earmarked sector like RSVY, BRGF, NSAP, NURM etc
- (e) Utilising opening balance in cash wherever required
- (f) Growth in state's own revenue

### Other Initiatives

Apart from the steps discussed so far, the state government has taken the following initiatives:

- (a) Bringing out a White Paper on State Finances and Development
- (b) Outcome Budget
- (c) Economic Survey
- (d) Quarterly Statement of Receipts and Expenditure as per FRBM Act
- (e) Amendment in Bihar Financial Rules relating to procurement of good and services for increasing efficiency of the government
- (f) Amendment in Bihar PWD Code and adopting a new Standard Bidding Document incorporating new practices relating to mobilisation advance, advances against equipment, price variation clause etc
- (g) Adoption of defined contribution based New Pension Scheme replacing the present defined benefit scheme

### Development and Resource Gap

Any development has to be sustainable in the long run and matching the available resources. One cannot mortgage the resources of the future generation beyond a point. The government should not end up in a situation where all its resources end up in debt servicing in future. Presently, all internal resources of the government are used up in interest payment only. Moreover, not only resources are required but its proper use is also equally important so that end results and outcome are achieved.

The state suffers from a huge development deficit and resource generation from all possible sources is required to meet this deficit in a long term sustainable manner. This is being achieved with the following initiatives:

- (a) Obtaining as much grant as possible from all sources – Government of India, External Financial Institutions like World Bank, ADB, DFID etc
- (b) Retiring high interest loans with the cheaper loans from the World Bank

- (c) Financing development projects and other reform measures through relatively cheaper loans from NABARD-RIDF, World Bank, DFID, ADB etc
- (d) Private sector financing of infrastructure through Public-Private Partnership
- (e) Improving investment climate for increased private investment in the State in all sectors

Thus, through fiscal management, the state government is attempting the task of rebuilding the state's financial resources. This is the main thrust of the reforms in fiscal management as summarized above.

## **2.2 Repeal of Agricultural Produce Marketing Committee Act**

### Background

The Agricultural Produce Marketing Committees (APMCs) were set up to manage and run agricultural market centres set up in 1970s with World Bank aid. This was at a time when agricultural production got an overall fillip through the introduction of HYV varieties of seeds and some public investment in agriculture. Bihar's Green Revolution was limited in its impact, but it did empower the backward classes. The Agricultural Produce Marketing Committees (APMCs) set up under the Agricultural Produce Marketing Committee Act was meant to provide free access in private trade of agricultural produce. The APMC Act was passed in 1962 for creating marketing facilities for agricultural produce. Bihar was the first state to bring in the Act, it is also the first state to abolish this act.

In the initial years, the work of the committees were mainly regulatory and grading of produce was an important activity. In 1972, the World Bank granted a loan of \$22 million for market development in Bihar. This was the first loan of its kind to promote and develop marketing. No such loan had been given anywhere before. This loan was given with the specific purpose of setting up 50 market yards in the state of Bihar. The Agricultural Produce Marketing Board was constituted with Mr. Ramadhar as founding Chairperson.

Between 1972 and 1976, the preliminary work of recruiting staff, setting up of basic infrastructure, research wing, gathering market intelligence, and developing information lanes about the advantage of marketing to farmers was done. Land acquisition for the construction of market yards

took place simultaneously. The idea of market yards were to be developed as growth centers in rural areas. Market was ideally defined as a place where farmers could sell their produce and get their required inputs, credit, technical advice and soil testing laboratories. Part of the idea was implemented. The construction of market yards started in 1977-78. These market yards provided open/covered platforms, sundry shops, storage godowns, water tank, trader shops, weigh bridges and even cold storage facilities in some places.

### Problems in APMCs

For a fairly long period of time, the institution played an important role in the empowering of backward castes traders. This was through the process of domination of the marketing committees that was secured by certain members of the backward castes. As discussed earlier, the backward castes gained economic strength through the introduction of the ‘Green Revolution’ in the early 1970s. The APMCs were thus a contested institutional space. The Committees over the last two decades developed problems traced to corruption and inefficiency.

Slowly over the years, development was side-tracked. The focus on farmers was lost. The APMCs became dominated by traders and became a source of benefits like sales tax exemptions etc. Appropriate and effective linkages between the producers and sellers continue to be weak. The absence of rural road connectivity and other infrastructure, combined with improper management, lack of market intelligence and inadequate credit support has resulted in a system that is unfavourable to farmers. This was possibly the reason for the allegation made by the Government that APMCs had become an instrument for exploitation of farmers. The regulatory role itself was held as a handicap and abolition of the APMCs was regarded as a move towards the free market.

### Abolition and After

Summarising over the arguments, the abolition of APMCs took place because:

1. Sale and purchase can take place only in the market yard and this was considered to be a curtailment of choices for the farmers.
2. Private market yards were desired by a section of people.
3. There were demands for provisions of Contract Farming.

However, the repeal of the APMC Act was not solely geared towards the aim of reversing this process. According to one view, the Committees were abolished as a result of sectarian warfare between two groups, one of forward castes and the other of backward castes who were part of the market structure either as buyers or as sellers. Thus, this reform act was like throwing the baby of infrastructural support for agricultural marketing out with the bathwater.

The market yards are in existence but the board controlling the yards is being abolished. The Agricultural Produce Marketing Act has been repealed without any alternative. Thus, there is a vacuum, as the existing staff is being redeployed elsewhere and the establishment closed down. A Model Act was circulated by the Government of India in 2003 but this was not accepted by the Government of Bihar.

A PIL has been filed in the high court by traders challenging the government's decision. Since there is resistance, the government has taken a wait and watch policy after the abolishment. There have been no moves to vacate the yards as yet.

The general problems in marketing identified by the National Commission on Farmers (2006) are as follows:

1. Thin spread of regulated markets in many states and lack of development of the periodic village markets, which are the first contact for the farmers
2. Inadequate infrastructural facilities at the regulated markets
3. Large variations in market fee/other charges in the different markets across the states
4. Variations in the entry tax/octroi/sales tax etc
5. Inefficient working arrangement
6. Lack of grading at the farm gate

Bihar farmers are disadvantaged vis-à-vis awareness, technology availability and general infrastructure. The World Bank-sponsored markets were a good base to start with and could be made into an active platform to meet the marketing needs of farmers. This was important in a place like Bihar which does not enjoy the options available to farmers in more developed states



like Punjab, e.g. the option of entering into contracts with large agri-business companies. There is a genuine demand for marketing facilities from farmers. Farmers in Bihar receive just 25-30% of the consumer price. They have no information on prevailing prices. Lack of link roads is a problem. There is no efficient functional marketing facility, no storage arrangements, no specialized transport facility for perishables, no grading facility, no option of pledging stored produce for credit, no fertilizer availability and no option of access to good quality replacement seeds.

The need for a coordinating agency for marketing is all the more pressing as different government departments control different aspects of activities linked to farming – irrigation under the irrigation department, credit under the co-operative department, roads under the rural development department, so on and so forth. The time today is ripe in Bihar to revive the concept of synergies integrated marketing. In this respect, abolition of APMCs without designing an alternative is a reform effort that makes very little sense.

### **2.3 New Agriculture Policy**

Bihar has a total geographical area of 94.16 lakh hectares, on which it houses a population of 83 millions. The net sown area is 56.03 lakh hectares. Around 90 percent of the population of Bihar is in the rural areas. Agriculture is the main feeder of the rural economy. Thus, agriculture continues to define both the potentialities and constraints to development in Bihar. The main hurdle in raising agricultural productivity is the dependence on monsoon for water in spite of 57% coverage of the land by irrigation. The agricultural productivity is falling, thereby reducing the farmland under cultivation. This is because there is shortage of good quality seeds. The use of fertilizers is on the rise. Crops in the state are being insured since kharif 2000 to provide economic help to the insured farmers whose crops are damaged by natural disaster. Agricultural research is being carried out to upgrade tools in order to improve agriculture produce and productivity.

New Agriculture Policy was drafted by the state government in 2006, to build upon the natural advantages that the state has in agriculture. Its fertile land, huge water resources and conducive climatic conditions imply tremendous potential to the agricultural sector. Despite this, productivity of crops in Bihar compare poorly with other states. Thus, at the core of the new agriculture policy for Bihar is the focus on increasing productivity of crops, not merely in comparison with the



national average but in comparison with the best productivity standards achieved in any state in India. Doubling of foodgrain production by year 2013, proper land utilisation, integrated development of *Tal* and *Diyara* land, and encouraging farm mechanization are among the major targets of the new agricultural policy. Following major initiatives have been taken by the state government in last one year:

- Food security (nutritional security), increase in farmer's income, increase in crop productivity and environmental conservation have been fixed as the four targets of the new agricultural policy regime.
- ATMA (Agricultural Technical Management Agency) have been constituted in 23 districts of the state which did not have its ATMA coverage under the centrally sponsored programme. Thus, all the districts of the state now have ATMA coverage.
- Kisan Samman Yojna has been launched.
- A megaproject for establishment of soil testing laboratories in all 534 blocks of the state has been sanctioned, to take soil testing facilities right to the door of the farmers.
- 31 new seed testing laboratories are to be established in the state to give each district its own seed testing laboratory.
- Chief Minister Horticulture Mission has been started in 19 districts of the state which were not covered under National Horticulture Mission, thereby universalizing the programme in the state.
- Micro-nutrient testing laboratories have been established in 3 districts of the state. It is proposed to be established in all divisional headquarters in the coming years.
- Research and educational infrastructure of the Rajendra Agricultural University, which happens to be the only agricultural university of the state, has been strengthened.
- Agricultural Produce Marketing Act, 1960 has been abolished.
- Bihar State Seed Corporation has been revived.
- Seed production has been started on 45 state agricultural farms which were lying inoperative.
- Farmers' Commission has been established.
- Land Reform Commission has been established.

The New Agricultural Policy is one area in which a totally Bihar-centric growth model has been adopted. This has been primarily focused on the needs of the government's traditional support base among the agrarian elite. The series of measures enumerated above can provide an elaborate technical and institutional fillip to agriculture provided there is concomitant public investment in irrigation, an aspect that has not received the focus it deserves.

## **2. 4 New Industrial Policy**

### Background

During the Tenth Plan period, the industry sector in Bihar recorded a growth rate of 9.80 percent. The size of the industrial sector in Bihar in terms of income is only 3.2 percent of GSDP as against the national average of 20.1 percent. The overall industrial sector in the state is pre-dominated by the unregistered units, which account for more than half of its total income.

An examination of the Annual Survey of Industries (ASI) (2002-03) data reveals that 1460 industrial units in the state cover a range of products, but in terms of net value added, it is food, beverages, tobacco and petroleum products which account for more than 85 percent of the total industrial income. The total fixed capital involved was Rs. 3032 crore and the total working capital was Rs. 1378 crore with a total invested capital of Rs. 5172 crore. However, outstanding loans against these factories worked out to Rs. 3875 crore. The aggregate value of output of these factories were Rs. 8877 crore and the Net Value Added worked out to Rs. 614 crore. The net income amounted to Rs. 512 crore.

The number of large and medium industries in the state, as compiled by the Department of Industries, is only 259, of which the highest concentration (38.2 percent) is in Patna Division, followed by Tirhut (21.6 percent) and Magadh (9.7 percent) in that order. Out of 38 districts spread over in 9 Divisions, 10 districts do not have any large/ medium industrial unit. In another 11 districts in the state, there are less than 5 units in each.

As on December 2006, there were 1.43 thousand, 95.10 thousand and 64.32 thousand registered units under SSI, tiny and artisan sectors respectively with a total investment of Rs. 4598 lakh, providing employment to over 5.3 lakh persons. However, as per the third all-India Census of SSI units (2001-02), there are only 72632 permanently registered small-scale units in Bihar, out of

which 52107 units are working. The percentage of tiny units among SSI was 99.95 percent. Their output and employment potential are much lower. While the small/medium large scale industrial units are geographically concentrated, tiny and artisan based industries are spread all over the state.

Bihar suffers from the problem of a sizeable number of units falling sick. As on December 2006, there were 259 large and medium units in the state, out of which 18 units were declared sick by BIFR of which rehabilitation package was approved for 3 and 17 were decided to be wound up.

The highest sickness in Bihar is due to inadequate infrastructure facilities. The lack of working capital, non-availability of raw material, inadequacy of roads network and communication services coupled with poor and uncertain power position and weak research support led to poor industrial scenario in the state. Besides, unsatisfactory credit availability, abnormally high interest rate, delay in granting term loans and rigid attitude of banks and other financial institutions in the state are also some of the key inhibiting factors retarding the progress.

Based on rough estimate, Bihar has the potential to produce about 5-6 percent of total agro-based industrial products in India, and this will enable the industrial sector in the state to become one and a half times its present size. It is an admitted fact that Bihar is not able to exploit all the advantages of the available resources for agro-based industries in the state. The potential is particularly high for sugar industry.

Major problems of industrialisation include inadequate infrastructure relating to transport, communications and power that act as the biggest roadblocks in Bihar's industrial development. Financing of small and medium enterprises is unsatisfactory. Industrial Area Development Authority has failed woefully in its prescribed activities. Institutions established to promote industrialization have failed and most of them are insolvent. They have all procured enormous losses. Investments have been on the decline. However, between December 2005 and December 2006, 72 investment proposals worth Rs.12896 crore have been accepted out of which Rs.11370 crore is for industries.

### The Industrial Incentives Policy 2006

There is a need for accelerated development in the industrial sector. According to agenda no 12 of cabinet meeting dated 03/01/2006, a State Investment Promotion Board has been set up. The Industrial Incentives Policy 2006 has been formulated after discussions with concerned parties representing the government and the private people. Also, accelerated industrial growth will provide employment opportunities and improve income. The Industrial Incentives Policy 2006 was adopted by the current government. It is an improvement over the Industrial Policy of 2003 in the design of incentives to new and existing enterprises. The main features which distinguish this policy are VAT reimbursement, capital subsidy for captive power generation plants, abolition of Annual Maintenance Guarantee and Monthly Minimum Guarantee and exemption of electricity duties. The provisions under Section 2 (viii) of the policy statement are new features of the policy. A single window clearance system has been approved by the cabinet in meeting dated 18/03/06 (agenda no 44). An act has been developed to give concrete shape to the clearance system. This was approved in cabinet meeting dated 30/03/06 (agenda no 28).

#### Pre-production Incentives:

- 100 % exemption in stamp duty and registration fee in lease/sale/transfer only for the first time

#### Post-production Incentives:

1. Re-imbursement of 50% cost on project report prepared by firms recognized by the Industry Department subject to a maximum of Rs. 75,000
2. Concession on land/shed located in BIADA/Export Promotion Industrial Park/ Agri Export Zone to the extent of 50% to the maximum of Rs. 7.50 lakh for small/tiny and 25% or maximum of Rs. 15 lakh for large/ medium units
3. Reimbursement of fees paid after commencing production for obtaining technical know-how from recognized national research centre/labs/ institutions to the extent of 30% (max. Rs. 15 lakh)

4. 50% discount on the amount spent on Captive Power Generation/ Diesel Generating set with no upper limit
5. New units will avail 80% re-imbursement against the admitted VAT amount deposited with government for a period of 10 years. Maximum subsidy amount 300% of capital invested

The units with zero VAT and paying income tax would get incentive up to maximum utilisation of 70% of the installed capacity. Following exemptions will also be provided:

- 100% exemption for 7 years in luxury tax
- 100% exemption for 7 years in electricity duty
- 100% exemption in conversion charges
- 100% exemption for 7 years in market fee

For revival of sick/closed industry, a corpus fund is to be created in collaboration with the commercial banks, Bihar Industries Association and state government. SC/ST/Women/ Handicapped entrepreneurs running small/tiny units upto a turnover limit of Rs. 30 lakh will avail 100% subsidy of the deposited amount with government in the form of VAT for a period of 10 years. Only 1% Central Sales Tax will be payable on items produced by registered medium/ small units in Bihar.

A state level committee will be set up to determine what sick industries will get rehabilitation packages and also the duration of the package will be decided. Any industry that has already availed of benefits under any industrial policy will not be allowed to avail of the benefits a second time. Financial packages will be given to such industries.

Those units undergoing expansion-diversification and modernization will be eligible for incentives. 75% cost incurred on quality certifications by national and international agencies will be borne by the government.

The State Government will launch an I.T. Mission for the development of IT Industries. Several rules and regulations have been curbed to provide relief to the IT sector. Exemptions under relevant acts have been granted to the IT industries for employees and their remuneration.

The handloom sector has been given electricity subsidy to the tune of 75 paise of every unit consumed. Quality power supply will be made available. Workshop-cum-residence scheme has been introduced for the weavers. Integrated textile parks will be established. Urban *Haat* will be established in Patna to provide a market for sale of handloom products. Central processing plants will be revived to provide weavers dying, finishing and processing services for their products.

To extend and strengthen the mulberry sector in Bihar, the tenure of 10 mulberry training centers and 4 sub-centres have been extended by a year at the cost of Rs. 1.74 crore according to agenda no 4 of Cabinet Meeting dated 09/03/06.

All state government and departments will provide follow up notifications which will enable the government to do a mid term policy review. These incentives will be for industries which commence production within five years of 01.04.2006. A committee will be finally set up to decide post production incentives.

This policy was drafted in consultation with Bihar Chamber of Commerce, Bihar Industries Association, Confederation of Indian Industries, concerned government departments and associations.

#### Implementation of New Industrial Policy

The implementation of the policy is a slow process. For example, the provision of 80 percent VAT reimbursement has not started yet, though the procedures have been laid out.

On 04-07-06, the Cabinet in its agenda no 1 decided to acquire 103 acres of land in Bihta at the cost of Rs. 403.40 lakh for an industrial area. It also resolved to acquire 1000 acres each in Bihta and Hajipur for a mega industrial park at the cost of Rs. 200 crore.

Latest Details of SIPB Approved Proposals are provided in the table below:

Total No of Proposals	205
Proposed Value of Investment	Rs 53804.00 Crores
SIPB Approved Proposals	85
Value of investment (SIPB approved)	Rs. 36003.00 Crores
Employment from SIPB approved proposals	84931
Sector-wise details of SIPB approved proposals :	
No of industrial organizations	61
No of technical organizations	18
Other organizations	6
<b>Total</b>	<b>85</b>
SIPB Approved New Sugar Mills	21
Value of investment (SIPB approved) in new Sugar Mills	Rs 4557.00 Crores
SIPB Approved Expansion of Sugar Mills	7
Value of investment (SIPB approved) in expansion of sugar mills.	Rs 517.40 Crores

So far, the proposed industrial investment in response to the new policy amounts to Rs.36003.00 crores. This estimate excludes the proposed investments in educational institutions which constitute a major part of new investments. If all new investments are taken into account, the value of investments is Rs 53804.00 crores. As mentioned before, the major problem facing new investments is lack of infrastructure.

For revival of existing units, there is a proposal to create a corpus fund for the development of industry. Financial institutions are not ready to contribute to this corpus as yet. The process runs on a case by case basis and depends on how much each stake-holder is willing to forego. State level committees are responsible for taking up the cases of sick industry. So far, 15 cases have been discussed and nine have been taken up for rejuvenation.

Restructuring of public sector financial units like BSFC and BICICO is on the cards, but no progress has been made in this regard.



The demand from existing entrepreneurs is going up by the day. For example, they are asking for 80% VAT exemption at par with new units for existing units, instead of the stipulated 25%. The expectations are that the government will subsidise the existing units in the same way as it is proposing to do for the new units.

On the whole, the Industrial Incentive Policy is a standard package of concessions with substantial incentives to encourage new investments, in the line of the policies pursued by more developed states. The likelihood of this policy to significantly change the industrial landscape in Bihar is not very high. The reasons for non-industrialisation in Bihar are complex and had to do more with national policy for sixty years or more. Thus the problem of industrialisation cannot be solved by a one-time incentive policy at the level of the state.

## **2.5 Appointment of Teachers**

Bihar's development lags behind on a large account due to its lowest levels of literacy. As per 2001 census, Bihar had a literacy rate of 47.0 percent which was only a little higher than the national literacy rate in 1981. Comparatively, the literacy rate in Kerala in 2001 was as high as 90.9 percent and the all India figure was 65.4 percent. For spreading basic literacy, the infrastructure for elementary education is most relevant and the declining strength of this infrastructure in Bihar is apparent both from the number of such institutions and the teachers employed to run them. The enrolment rates in Bihar are below the national average and the dropout rates are higher than the national average. Proper infrastructure needs to be established in order to prevent the exodus of students from Bihar.

When the present government came to power in November 2005, the total number of primary school teachers in the state was 1,10,000. There had been no appointment of teachers for the last 10-15 years. The last appointment of 25-30 thousand teachers took place in 1992-93. Thus the teacher-pupil ratio was very high around 1:80.

To rectify this situation, the present government confirmed 100,000 para-teachers. A target of appointing additional 2,36,000 teachers was set based on national norms. The recruitment was planned in two phases. In the first phase, a target of 1,36,000 teachers was set. The balance would be recruited in the second phase.



The procedure of appointments was entirely through Panchayati Raj Institutions. Primary teachers were appointed by the Panchayat, the Panchayat Samiti appointed middle school teachers, and the Zilla Parishad appointed secondary school teachers. In urban areas, municipal corporations appointed teachers at all levels.

The process of appointment was thus decentralised through Panchayati Raj Institutions. The appointments were based on a merit list and was sought to be made as transparent as possible though there were some allegations of irregularity and corruption. Similarly, deployment was not discretionary, it was based on a hierarchy of options. For example, a woman candidate from a ST background had the first preference in terms of choice of location.

In the first phase of the recruitment, around 125000 teachers have been appointed. This recruitment has taken place in all districts. The gap in fulfillment of target is mainly because applicants were not available in stipulated categories. For example, for a particular post, the stipulation was for a woman candidate of ST origin. But no such candidate was available with the requisite qualifications.

The appointment of these new teachers has been at a consolidated monthly salary of Rs. 6000/- (Cabinet Meeting dated 27/06/2006, agenda no 22 and 23), which is 60% of the value of salaries of government teachers. They are entitled to a 10% raise every three years. The reason for reduced salary rates has been put as follows:

1. Financial resource was the main consideration.
2. It was argued that teacher's salary in general is much higher in proportion to per capita income or as a share of state GDP.

However, there are proposals to link salaries with professional qualifications. The Common Schools System Commission has deliberated on the issue and may give its recommendations on the matter.

The primary source of finance for the bulk recruitment of teachers is the state government. In case of primary teachers, 75% of the funds will come from the Sarva Shiksha Abhiyan (SSA) of the

Central Government. But secondary level teachers' salaries are the sole responsibility of the state government.

As a result of the appointments, the teacher pupil ratio has come down. By October 2007, once the second round of recruitment is over, the target of 1:40 would be reached.

The appointment of teachers should be seen in the context of overall reforms in education which are summarized below.

#### Other Government Initiatives in Education

- A decision has been taken not to involve teachers in non-teaching works so as to minimize loss of teaching days in the schools.
- Revised curriculum and new text-books are being introduced from primary to the senior secondary levels.
- The government has started gradual transfer of school management to the PRIs (Panchayati Raj Institutions) at various levels.
- Common School System Commission has been constituted to address the issue of equity and quality in the school system and implement the national policy of common school system and neighbourhood schooling.
- Recruitment is going on for 12,000 vacant posts of secondary teachers while 10,000 additional posts have been sanctioned for universal access.
- A teacher's training programme has been designed in consultation with IGNOU. A two year course has been developed at the end of which teachers will be certified by IGNOU.
- The Intermediate Council has been abolished as the senior secondary education for 16 to 18 year olds is being separated from the University system. Schools will cater to senior secondary education while Universities will concentrate on undergraduate and postgraduate teaching.
- 943 posts of senior secondary teachers have been created for upgrading and strengthening senior secondary school.

- Transfer policy for school teachers has been changed following which teachers have been given option to choose place of posting.
- Government has revised the system of scholarships from its own funds and from the funds available from the GOI, under the National Merit Scholarship.
- Students taking admission in IITs would be given encouragement scholarships of a sum of Rs. 50,000/-.
- Minority hostels are being constructed in every district for the purpose of education of Muslim male/female students.
- Under the Sarva Shiksha Abhiyan, new classrooms are supposed to be added to schools. The Bihar Government has gone further with the Mukhya Mantri Samagra Vidyalaya Vikas Karyakram which proposes major renovation of primary schools, provision of games and sports, construction of boundary walls, drinking water and toilet facilities in all schools.
- The State Government's share in Mid-Day Meal Scheme (MDMS) has gone up to Rs1.01 from 64p per child per day.
- Uniforms are being issued to all girl students enrolled in Class VI to Class VIII.
- Bicycles are being given to all girl students in Class IX and Class X.
- Educational Experts Committee: This Committee had been constituted to look into the matters related to improving all levels of education and to enable Government in fulfilling their constitutional duty to provide equal educational opportunity to all sections of society. The committee had since submitted its report.
- Policies Relating to Establishment of Institutes of Higher Education – To provide a single window clearance facility and to facilitate availability of land to those promoters, who propose to establish, upgrade and expand institutes of higher education. This policy is intended to stop the migration of talent from the state.
- The government has approved over 4000 additional post of teachers to the university and colleges.
- The Government has sanctioned the establishment of a University of Nalanda in Nalanda district in partnering with the Government of India and other Asian countries.

- Chanakya National Law University Act has been passed and the University has already been established.
- The retirement age of University teacher and staff have been increased to 62 years and the payment of their salaries has been regularized so that funds are transferred to the Universities on the first day of every month.

In carrying out the reforms in the education sector, significant thought has been given to ways of augmenting the quality of education in the state. The appointment of teachers was one part of this consolidated vision. However, within this vision, there remained several lacunae as the government failed to gauge the possibility of bribery and corruption in the process of appointment of teachers at the Panchayat level.

## 2.6 Health Delivery

An eminent medical researcher named Rudolf Virchow once stated, “Medical Science is a Social Science”. This statement itself speaks volumes about the impact of health on any society. Investment in health is one of the major investments in the formation of human capital, which in turn is essential for the development of any society. Absence of health facilities severely restricts ones’ capabilities. Perhaps due to this reason, health standards are included as an important component of Human Development Indices. “Infant Mortality Rate (IMR)” and “Expectation of Life at Birth” are considered two of the most sensitive indicators of good health. As per the Economic Survey 2006-07, issued by Government of Bihar, if we examine the health status of people in Bihar and India vis-a-vis these two indicators, we find no major divergence. The IMR for rural areas is slightly better than the national average right from the early eighties. The IMR rates for urban areas in Bihar was, however higher than the national average. Bihar has experienced deterioration in urban IMR in absolute terms in the nineties. The female infant mortality rate is much above Kerala but below states like Orissa and Madhya Pradesh. It is also lower than the national average. The progress made by Bihar in reducing Infant Mortality Rates is almost at par with Kerala. However, the situation of infant health status is much worse. The percentage of children who have received all vaccinations in the age group of 12 to 23 months is only 11 percent in Bihar compared to 89 percent in Kerala and 42 percent in all India for the year 1998-99. Gender disparities in health status, as indicated by the estimates of expectancy of life, are much wider in Bihar than for the nation as a whole. If we compare life expectancy in 1981-83,

1991-93 and 1999-01, we find that Bihar and India experienced similar upward trend. Decadal growth rate of population of Bihar has been 26.6 percent, which is the highest among all states of India. It is found that there has been a fall in the birth and death rates in Bihar but the fall in death rate has been by a higher margin. As a demographic phenomenon, this is a negative trend but it is attributable to a positive trend of health status relating to higher expectation of life in Bihar. For medical and public health sector, the growth rate in revenue expenditure in Bihar is 21.21 percent, much higher than for all states. The growth rates of expenditure in Bihar are at par with Kerala, though the achievements are much lower. The reason for this could be that mere expenditure does not ensure delivery. According to a District Level Household and Facility Survey of 2002-2004, district hospitals were present in only 24 out of 38 districts in the state. There were 87 referral hospitals of which 70 were functioning. There were 398 Primary Health Centers (PHCs) and 1243 additional PHCs in the state. Only 19.6 percent of the pregnant women visit antenatal centers in Bihar, compared to the national average of 50.1 percent according to the figures of Department of Health, Government of Bihar, based on 2001 census. Institutional deliveries constitute 23 percent of total deliveries in Bihar as compared to the national average of 40.5 percent. Total protected deliveries account for 29.5 percent of all deliveries compared to a national average of 47.6 percent. Making an overall assessment, the status of health in Bihar is not very good. There was no work ethics, which severely constrained the functioning of health centers at all levels. Equipment support was poor. Procedural complications added to the dismal situation.

According to the former director of WHO, Dr Mahler, “health is politics”. Thus, the policy initiatives undertaken by a government in the arena of health play a decisive role. The present government, after assuming power in 2005, has undertaken several reform initiatives, in order to improve the health sector of the state. This is evident from the issues raised regarding the health sector in the common minimum programme. It states that a specialist committee of doctors would be formed to promote medical education and improve health facilities. This committee would also decide the standard of hospitals, nursing homes etc. All medical college hospitals in the state would be renovated. Patna Medical College Hospital (PMCH) would be equipped with all the facilities of a super specialty hospital of national standard. All medical colleges in the state would be connected through teleconferencing. Leprosy and Kalazar would be completely eradicated in the state. All the vaccination programmes would be effectively implemented and special efforts would be made for complete eradication of polio in the state. Measures would be taken for the

prevention of AIDS. Arrangements would be made for mobile hospitals in the state. Improvements would be made in health facilities in district and subdivision level. Partnership of private sector is to be encouraged in the establishment of super-specialty hospitals and provision of medical facilities.

According to the agenda 18 of cabinet notes dated 23.08.2006, a medical assistance fund named Mukhya Mantri Swasthya Sahayata Kosh (Chief Minister's Medical Assistance Fund ) is proposed to be set up which would have a initial endowment of Rs 5 crore. This would provide medical assistance to families whose yearly income is less than Rs 1.00 lakh. The state government is providing medical grant ranging from Rs. 15000 to 1.5 lakh to families living below poverty line for the treatment of grave diseases. Agenda 37 of cabinet notes dated 2.05.2006, states that the state government would provide medical assistance to the members of the scheduled castes in the state. The finance department has suggested that the administrative department can take the approval of the cabinet once in five years so that the government does not have to pass an ordinance every year. The health department would then be able to allocate the amount every year. This would bring about procedural simplification and prevent undue delays. The assistance amount would range from Rs 300 to Rs 1000 per person. District and block level committees would be set up which would choose the beneficiaries of this scheme. Speedy disposal of the assistance amount would be ensured. A beneficiary can avail the assistance amount a maximum of three times. Under this scheme, only those members of the scheduled castes would be benefited who are below the poverty line.

As per a notification issued by the health department on 9.05.2006, free medicines and improved health facilities will be made available to the citizens of the state. A list of medicines will be prepared for outdoor and indoor patients which, if prescribed by the doctor, will be given free of cost. A registration fee has been imposed in hospitals at every stage to prevent misuse of this facility. The amount of the registration fee will go to Rogi Kalyan Samiti that will be used for development of the hospitals and also to improve facilities provided to the patients. The state health committee will ensure that this policy to provide free medicines is adequately advertised so that the common people are aware of it. The government is committed towards providing round the clock health facilities from PHCs to district level hospitals. However, often specialist doctors such as dental specialists, gynecologists, E.N.T specialists, ophthalmologists, orthopedics and



surgeons are not available. It was decided to seek the services of the private sector in this regard, based on certain terms and conditions. Arrangements have been made for monitoring output of doctors. Agenda 13 of cabinet notes dated 23.03.2006 states that the state government is committed to strengthen the structural framework of the health facilities in the state. For this, the fund available from the 12<sup>th</sup> Finance commission would be used for the purchase of medicines, equipment, minor repair work, provision of adequate furniture, rented vehicles for the staff members, telephone facility, facility of reception desk, necessary prescription paper, 24 hour emergency facilities, formation of “Rogi Kalyan Samiti”, for hiring ambulances, for health and sanitation facilities, provision of electricity and beds. An amount of Rs 176.76 lakh is to be spent on the maintenance of primary health centers and Rs. 59.46 lakh is to be spent for the maintenance of additional primary sub-centres. Rs. 28.51 lakh is to be spent on health sub-centres.

Agenda 16 of cabinet notes dated 23.03.2006 states that in order to make extended health facilities available to the people, partnership of the private sector is sought. This can be done in various areas such as:

- (a) Establishment of medical colleges: incentive scheme has already been made and work is under progress.
- (b) Establishment of super-specialty hospitals: List of places where these will be built are available, such as Guru Gobind Singh Hospital, Patna City, Patna Medical College Hospital, Nalanda Medical College Hospital (NMCH), Darbhanga Medical College Hospital (DMCH). Open space and some portions of the built-up area of the already existing hospitals would be used. Some hospitals in the rural areas would be handed over to the private sector. Various proposals have been made regarding the type of partnership with the private sector. It has been proposed that the government would provide land for the construction of the hospital based on a 30-year lease at the prevailing market rate. No concessions would be given. For such a system to operate, the health department would hold discussions with interested investors via pre-bid conference in order to determine the conditions of the deal. The conditions would clearly include the fee charged from the patients, and the utility and the standard of the health facilities provided. If the performance were not satisfactory, then adequate measures would be taken to repeal the deal. Provisions would be made for the deposition of security money for the equipments given by the government. The investor willing to pay maximum revenue to the state government would be chosen. The revenue

collected by the state government would be used to provide free medical facilities and other developmental work.

- (c) Provision of technical facilities such as x-ray, pathology tests etc, require installation of large number of machines and equipments. The private sector would be invited to provide pathology unit, radiology unit, MRI and city scan facilities and also to provide machines and equipments.
- (d) Pathology and radiology services are to be provided by the private sector. It is proposed that 32 additional primary health centers are to be run by private organizations. Cleanliness of 25 civil hospitals, 23 sub-divisional hospitals, 76 referral hospitals and 398 primary health centers is being done by private partners. Private sector is also providing ambulance facilities in several areas.
- (e) Rogi Kalyan Samiti (Patient Welfare Body) would be formed in order to ensure the smooth operation of public private partnership. Under National Rural Health Mission, these Rogi Kalyan Samitis have been established from district hospitals to PHCs and a lot of useful work is being done through them. These bodies would be responsible for taking decisions regarding availability and maintenance of machines and equipments, buildings, residential buildings and vehicles. These would also ensure that the facilities provided by the hospitals are according to the standards of government policies. These would be responsible for maintenance of sanitation in the hospitals and ensuring availability of diagnostic and ambulance facilities. They would encourage the use of solar energy and water harvesting. They would resolve the problems of the patients of the hospital and determine user charges from time to time. They would try to involve the public in the maintenance of the hospital. These bodies would be a registered society and would have a bank account of its own. The amount obtained from the revenue of the hospitals would be deposited in the bank account of these bodies which would in turn be used for various functions. The Finance Department would determine the bylaws of this committee.

In the light of the increased importance of the private sector, mentioned above, Bihar Clinical Establishment (control and regulation) Bill has been introduced which would specify the standards, norms for fee structure, registration procedure and administrative procedure in the private clinics. This would prevent exploitation of patients.



Data centers are being established in the district hospitals for proper monitoring of all the health programmes. The state government has provided dial 102 emergency ambulance service and dial 1911 medical helpline service to the people. On dialing 102, control room would try to make available the nearest placed ambulance to the patient. Dial 1911 would send the nearest registered doctor/physiotherapist/pharmacist to the patient's residence, cost of which would be borne by the patient or their relatives. This service is presently operational in Patna.

Agenda 57 of cabinet notes dated 7.02.2006 mentions that the National Rural Health Mission is running in the entire country from April 2005. Its main aim is to provide effective and beneficial health facilities to the rural population and especially to those who are living below the poverty line. A MOU has to be signed by the central and state governments in order to ensure smooth running of the programme. The first installment has been received from the central government for the implementation of the programme. State and district health missions have been formed as per the conditions laid down for the release of the second installment.

Tuberculosis is one of the major fatal diseases in Bihar. Out of every 100 patients in India 10 are from Bihar. One third of all tuberculosis patients of the world are from India. Every minute four people are infected with the disease. Five lakh people are killed due to it every year. According to a notification issued by the health department on 5.10.2006, 98 out of 105 posts of tuberculosis assistants and 52 out of 105 posts of tuberculosis workers will be made permanent in the financial year 2006-07 and a sum of Rs. 160.11 lakh will be spent for the same. In all, 14 posts of different designations have been created in tuberculosis centers in Jamui, Banka and Kishanganj districts and an amount of Rs. 23.49 lakh is to be spent for this purpose.

Agenda 13 of cabinet notes dated 7.12.2006 states that the central government has launched various schemes for treatment of leprosy and has sanctioned several posts. The health department has passed an ordinance regarding the period of extension of these posts and schemes. In this regard, an amount of Rs 19.50 lakh has been paid by the central government as the non-establishment cost. However, the second installment has not yet been paid due to which salaries of the employees could not be paid. A proposal had been made to permanently transfer these expenditures from the plan to non-plan head. A Committee has been constituted under the

Chairmanship of the Development Commissioner to consider the above matter. Thus, it has been proposed that 250 posts need to be transferred to non-plan expenditure. Out of these, 98 would be given periodic extension. An advance of Rs. 159.05 lakh would be taken from contingency fund for payment of salaries.

Agenda 28 of cabinet notes, dated 9.03.2006, mentions a new regulation regarding the prevention of Kalazar has been passed in the year 2005, which specifies various norms regarding the control and prevention of the disease. Aberration from the conditions is a punishable offence under Section 188 of the Indian Penal Code.

Various measures have been undertaken to improve the infrastructure in health. Agenda 60 of cabinet notes, dated 9.03.2006, states that the structure of health facilities needs to be upgraded in the state as per the guidelines of the central government. As per this, 16560 health subcentres, 2033 primary health centers and 589 community health centers need to be created in the state. Primary Health Centers have to be built in the newly created blocks. Additional primary health centers need to be upgraded to primary health centers at an estimated expenditure of Rs.17.51 crore, out of which Rs 244.50 lakh was to be spent in FY 2005-06. A proposal has been made for building offices and residential buildings for civil surgeons and new hospitals in subdivisions. This is reflected in cabinet order number 19, dated 3.01.06.

Agenda 11 of cabinet notes, dated 23.03.2006, states that a need is felt that A.N.M / health workers are required in the villages. Selection and training of ASHAs (Associate Health Workers) is being given top priority. Maternity safety scheme is to be launched which would provide delivery facilities to women living below poverty line. ASHA workers would enable them to reach hospitals on time. This is only possible when arrangements are made for their stay. In this light, it is suggested that buildings of the health sub-centres need to be upgraded so that an extra room can be added. Along with that, facilities of toilets and bathrooms are also to be provided. Expenditure for upgradation of one sub-centre would cost around Rs 2.16 lakh. The following table gives the details of the status of the health sub-centres in each district and the estimated expenditure to be incurred.

Name of the district	Total no. of health Sub-centres	Health Sub-centres without Buildings	Health Sub-centres with Buildings	No of Sub-centres to be upgraded	Total estimated amount (Rs. lakh)
Muzaffarpur	473	304	169	127	274.37
Sitamarhi	213	158	55	41	88.58
Shivhar	34	8	26	20	43.21
Bettiah	367	316	51	38	82.10
Vaishali	339	290	49	37	79.93
East Champaran	315	234	81	61	131.78
Saran	413	294	119	89	192.28
Siwan	370	269	101	76	164.19
Gopalganj	186	150	36	27	58.33
Gaya	439	384	55	41	88.58
Nawada	129	77	52	39	84.26
Aurangabad	207	168	39	29	62.65
Jahanabad	81	57	24	8	38.89
Arwal	47	33	14	11	23.76
Bhagalpur	280	207	73	55	118.82
Banka	227	136	91	68	146.91
Patna	419	367	52	39	84.26
Nalanda	302	248	54	41	88.58
Bhojpur	331	228	103	77	166.35
Rohtas	186	149	37	28	60.49
Kaimur	162	139	23	17	36.73
Darbhanga	261	175	86	65	140.43
Madhubani	423	202	221	166	358.63
Samastipur	354	105	249	187	403.99
Kishanganj	136	81	55	41	88.58
Katihar	257	174	83	62	133.94
Purnea	278	204	74	56	120.98
Araria	200	153	47	35	75.61
Munger	123	20	103	77	166.35
Begusarai	288	139	149	112	241.96
Khagaria	150	101	49	37	79.93
Lakhisarai	101	23	78	59	127.46
Jamui	166	05	161	121	261.41
Shekhpura	74	18	56	42	90.74
Madhepura	196	55	141	106	229.00
Supaul	178	121	57	43	92.90
Buxar	160	115	45	45	73.45
Saharsa	152	92	60	34	97.22
<b>Total</b>	<b>8417</b>	<b>5999</b>	<b>3018</b>	<b>2264</b>	<b>4897.63</b>

Agenda 58 of cabinet notes, dated 7.02.2006, states that loan is to be taken from NABARD for building construction in 751 health sub-centres. NABARD has sanctioned a loan of Rs 34.79 crore for 36 districts. But this amount is based on an earlier estimate of a requirement of Rs 5.45 lakh per sub-centre. As per the new estimates, the amount required per sub-centres is Rs. 6.48 lakh. It is proposed that the extra amount of Rs 13.94 crore is to be spent from departmental planned expenditure in order to minimize delay. In the FY 2005-06, a provision for Rs 2 crore has been made in the budget. A proposal has been made to take the residual amount as advance from the contingency fund.

Agenda 17 of cabinet notes, dated 23.08.2006, states that various measures are being taken to establish state of the art hospitals in each district of the state. All hospitals up to the level of primary health centers are being well equipped. Services of private medical practitioners are sought in the Primary Health Centers. In one main hospital in each district, indoor patients can avail free medical facilities as far as possible. Technical core committee has been formed to prepare a list of medicines and equipments for this purpose. Once the list is available, all these medicines will be available free of cost in certain hospitals. Intensive care units (I.C.U) will be established in one main hospital of the district. Necessary permission and funds are already released for this purpose. To prevent undue delays, existing buildings would be used. In the districts where a medical college hospital is already present, I.C.U.s will be established in the mufosil. The state health committee would impart training to medical and paramedical workers. List of equipments to be used in the I.C.U.s has been prepared and given to the civil surgeon heading the district level purchase committee. The estimated expenditure for equipments per I.C.U would be around Rs. 25 lakh. Incinerators would be made available in all civil and subdivision level hospitals for the disposal of medical waste. Dental units are being set up in Primary Health Centers.

Agenda 12 of cabinet notes, dated 23.03.2006, states that there are a total of 15 newly built referral hospitals in the state. Posts need to be created urgently in these hospitals as the buildings have already been constructed some years ago. Estimated annual expenditure on the created posts in one referral hospital is Rs. 21.39 lakh. Total annual expenditure on 15 referral hospitals is Rs. 320.87 lakh.

As per the notification issued by the health department on 8.09.2006, the empty posts in various medical/dental colleges, state pharmacy institutes and ayurvedic and homeopathy colleges will be filled by appointments made on contract basis.

As per the government notification, dated 11.12.2006, doctors and specialists are to be appointed in referral hospitals/sub divisional hospitals/primary health centers/additional primary health centers etc on a contract basis. The age limit and the contract amount have been specified for general doctors and specialists belonging to general and reserved categories. It has also been proposed that if specialists are not available for certain required posts, then general physicians can be appointed in their place but their contract amount would be lesser than that for the specialists.

Agenda 72 of cabinet notes, dated 7.02.2006, states that the Bihar Public Service Commission and Employees Selection Commission recruited paramedical workers trained from various government and non-government institutions as per the earlier procedure. This process involved delays. In a meeting chaired by the Development Commissioner, it was decided that the vacant posts of paramedical workers in various medical colleges, hospitals, dental hospitals etc will be filled up directly on a contract basis.

Health sub-centres are to be established in all villages with a population of 3000 and more. In the old sub-centres, there were two posts — one post of male and one for female. In the new sub-centres, only female posts are available.

Agenda 19 of cabinet notes, dated 23.03.2006, states that an amount of Rs. 267.70 lakh has been allocated under non-plan expenditure for maintenance and repair of buildings and pathways of the Nalanda Medical College. A sum of Rs. 190.00 lakh has been allocated to Nalanda Medical College Hospital for the purchase of machines and equipments. Agenda 20 states that the amount of Rs. 162.15 lakh available from the 12<sup>th</sup> Finance Commission will be used for the repair and maintenance of buildings and electrification facilities in the Anugrah Narayan Medical College Hospital, Gaya. Agenda 6 of cabinet notes, dated 28.02.2006, states that an amount of Rs 7.94 lakh is to be allocated for the purchase of machines and equipments in Darbhanga Medical College. Agenda 9 of cabinet notes, dated 23.03.2006, states that an amount of Rs 75.22 lakh has been made available to Sri Krishna Medical College Hospital, Muzaffarpur for the purchase of

books, journals, machines and equipments. Agenda 9 of cabinet notes, dated 14.02.2006, states that an amount of Rs. 60.00 lakh has been allocated to Indira Gandhi Heart Institute, Patna for purchase of machine and equipments in the FY 2005-06. Agenda 14 of cabinet notes, dated 25.03.2006, states that an amount of Rs. 1008.85 lakh is proposed to be spent for construction of men's hostel for post graduation (P.G.) students of Patna Medical College Hospital, out of which Rs 300.00 lakh will be spent in FY 2006-07. Agenda 22 of cabinet notes, dated 3.01.2006, states that the postmortem building, girls' hostel and boundary wall need to be built in Jawaharlal Nehru College Hospital, Bhagalpur. The necessary amount would be taken as advance from Bihar contingency fund.

Expenditures are being made in developing infrastructure in alternative medicines so that this becomes a cheap alternative for the poorer people. This is clearly reflected in agenda 22 of the cabinet notes, dated 23.03.2006, which states that the State Ayuvedic College, Patna has been allocated Rs 155.14 lakh for maintenance and repair. Agenda 23 states that the State R.V.C.S Homeopathic College, Muzaffarpur has been allocated Rs. 62.96 lakh under non-plan expenditure for maintenance and repair. It has been proposed to declare homeopathic doctors as Grade II gazetted officers.

Agenda 36 of cabinet notes, dated 7.02.2006, states that post graduation course is being taught in State Ayuvedic Science College from 1977-78 onwards. The curriculum, entrance examination etc are decided from time to time according to the prescriptions of Indian Medical Association. Several steps are being taken in order to improve the standard of education and make the entrance process transparent.

Thus, on the whole, the reforms in the health sector cover every aspect of health infrastructure, personnel, finance and delivery mechanisms. These have been systematically planned at the Cabinet level, indicating the thoroughness of reform agenda.

## 2.7 Road Construction

The government is focusing extensively on the development of roads. The development of roads has been foremost in the State Government's Agenda. Bihar has a total road length of 81655 kms, out of which 77.5 percent roads are village roads. National highways account for 4.4 percent of

road length, while state highways are just 3.9 percent of the total road length. At the village and other district roads (ODR), there are 36851.60 kms of *kutch*a roads. The responsibility for road construction and maintenance is divided between the Roads department and the Rural Works department in the following way:

**UNDER ROAD CONSTRUCTION DEPARTMENT:**

- National Highway(NH) - 3629 kms
- State Highway (SH) - 3232 kms
- Major District Roads(MDR) - 7714 kms

**UNDER RURAL WORKS DEPARTMENT:**

- Other District Roads (ODR) - 12746 kms
- Village Roads (VR) - 38898 kms

Department of Roads

In the FY 2006-07, the total plan outlay for the Roads department was Rs. 1459.94 crore, all of which has been utilised. So was the case with non-plan expenditure wherein the entire allocation of Rs. 200 crore was spent. Within the road sector, the State Government's priority is to immediately repair the entire National Highway stretches within the state. To that end, the State Government has allocated Rs 308 crore from its own resources, pending clearance by the Government of India.

Bihar State Bridge Construction Corporation was revitalized last year. Giving it roads projects as well has enhanced the role of this Corporation. Road construction projects worth Rs. 240 crore have already been given in 2006-07. To promote public sector participation and new technology, the government has decided to set up State Road & Highways Development Authority. This authority shall also undertake projects on BOT basis. GIS mapping of all the roads has already begun and this shall assist the State Government in future planning and upgradation of its roads.

Quality Control has been foremost on the agenda and considering its importance an external Quality Control Consultant has been appointed. This consultant shall conduct 40,000 tests in two years and set up two mobile units apart from one central laboratory.



The focus currently is on national and state highways as well as district roads. Large part of work on the National Highways is close to completion. According to the Secretary, Roads Department, by 30<sup>th</sup> June, 2007 all National Highways in the state will be motorable at a speed of at least 70 km/hour.

The work of widening and building State Highways was given to Central Agencies before this government came to power. This work has been slow due to delays by the Central Agencies. After a delay of two years, work has just started on the State Highways.

Out of central funds of Rs 250 crore, only Rs 104 crore was sanctioned for release, last year. Out of this, only Rs 70 crore was made available up to December 2006. There was no fund in January and February. It is only from March that funds have started flowing again. This was accompanied by a chronic shortage in materials like bitumen and stone chips.

Overall, major work is going on in 1500 kms of National Highways and 4500 kms of Major District Roads. The total length of Major District Roads (MDRs) in Bihar is 7700 kms. In all, 12 companies from outside the state have been given the road construction work based on a tender process.

The bulk of the funding is from plan and non-plan heads of the state government account. In addition to this, funding has been obtained from RIDF (NABARD), and Central Road Fund. Currently, the government is negotiating a loan from ADB. Some four-laning projects have been given to IDFC and IL&FS on a BOT basis.

The total funds for MDRs is Rs 2000 crore, out of which work worth Rs 500 crore was done last year, Rs 1000 crore worth of work is in progress this year and another Rs. 500 crore worth of work will be done next year. Bulk of the road construction taken up by the Roads Department will be over between December 2007 and March 2008.

To monitor the road works, a data centre has been set up with 10 computers. Each individual road is being monitored based on weekly targets according to the work programme. Any failure to keep



to targets invites a penalty clause and thus the contractors are paying fines up to 0.5 percent of project costs if they miss their targets.

Maintenance contracts used to be for 4 year cycles. Now this has been extended to five years. A regulatory body will be set up by the Government to inspect roads and report the status.

The main problem faced in the construction of roads is the lack of construction capacity, lack of equipments and non-availability of bitumen and stone chips. An equipment bank has been set up to meet this problem. As for procurement of material, the onus is on contractors to ensure availability.

#### Rural Works Department

For providing connectivity in rural areas of the state, village roads and bridges are constructed for which the Rural Engineering Organisation (REO) of the Rural Works Department is the responsible agency. The objective of the department is to change the socio-economic structure of villages in Bihar through road connectivity. Village connectivity statistics for Bihar prior to the launch of Pradhan Mantri Gram Sadak Yojna (PMGSY) was as follows:

Details	No of villages
Total Villages	45,098 (100%)
Uninhabited	6,085 (13.5%)
Inhabited	39,013 (86.5%)
Connected Villages	17,175 (38.1%)
Unconnected Villages	21,838 (48.4%)

Source : Department of Rural Works, Government of Bihar

The aim of the Government is to provide all weather farm-to-market connectivity for all unconnected villages. The targets for the Rural Works Department have been laid out as follows:

- Villages with a population of 1000 and above are to be connected in the next two years.
- Villages with a population between 500 and 999 are to be connected in the next three years.
- Villages with a population below 500 are to be connected in two years thereafter.

Details of connectivity targets before the launch of PMGSY are detailed in table below:

	Category	No. of unconnecte d Villages	Length of Roads (km)	Approx Cost (crore)
Construction of Link Routes	For 1000+ population	13582	29087	10000
	For 500-900 population	6203	6663	2000
	For 250-499 population	3497	3274	800
	Upto 250 population	2904	2274	500
	<b>Total</b>	<b>26186</b>	<b>41298</b>	<b>13300</b>
Upgradation of Rural Through Routes			12746	5000
<b>Grand Total</b>			<b>54044</b>	<b>18300</b>

Source: Department of Rural Works, Government of Bihar

The major connectivity programmes are the following:

- Pradhan Mantri Gram Sadak Yojana (PMGSY)
- Bharat Nirman Yojana (BNY)
- Mukhya Mantri Gram Sadak Yojana (MMGSY)
- State Plan

In 2006-07, Rs. 1268.23 crore was allocated to the Rural Works Department, out of which a sum of Rs. 1251.13 crore was spent. This increased spending translated into major road works across villages in the state. Fund utilization improved tremendously in 2006-07 compared to previous years as shown in table below:

**Performance of the Rural Works Department in the 10<sup>th</sup> Five Year Plan Period**

Year	Amount of Allocation in Rs Lakhs	Amount of Expenditure in Rs Lakhs
2002-03	39299.83	27528.00 (70.0 %)
2003-04	55914.95	37682.28 (67.4%)
2004-05	42032.56	34117.43 (81.2 %)
2005-06	56249.99	35574.66 (63.2%)
2006-07	126823.00	125113.38 (98.7%)

Source: Department of Rural Works, Government of Bihar

During 2006-07, for the target of constructing 4500 km of roads under sub-base, base and surface, a sum of Rs. 300 crore was budgeted and allocated to the Bihar Rural Roads Development Agency (BRRDA) established for the purpose. Similarly, under MLA/MLC Area Development Scheme, a sum of Rs. 335 crore has been budgeted for 2006-07, of which Rs. 161.18 crore has been spent till January, 2007. The total budget allocation for 2006-07 under Plan head is Rs. 1034.24 crore, of which Rs. 327.71 crore has been expended up to January, 2007. Under Road Infrastructure Development Fund (RIDF), NABARD has allocated Rs. 200 crore in the budget for the year, of which Rs. 9.86 crore have been spent upto January, 2007. Under the non-plan head, Rs. 120 crore is budgeted, of which Rs. 29.44 crore have been utilised. Similarly, under the Centrally sponsored schemes, out of Rs. 1019 crore targeted amount, Rs. 462.56 crore have been spent till January 2007. Out of a total target of Rs. 3607.53 crore for rural roads, Rs. 1167.15 crore have been spent up to January, 2007.

A total amount of Rs 12000 crore is expected from the Bharat Nirman Yojana. There is also provision of a NABARD loan to the State Government of Rs 700 crore. This still leaves a fund gap of Rs 23000 crore for which the Government is trying to get loans from development agencies like the Asian Development Bank.

The initiatives in governance of the road works constitute the following measures:

- Filling up of all existing vacancies.
- Training of engineers and contractors.
- Data Entry started in all districts. Till date, 80% data has already been entered. Updating will be completed shortly.
- Implementation of all state plan programmes through Bihar Rural Road Development Agency (BRRDA), a registered agency under Administrative control of Rural Works Department.
- Revision of Bidding Document and making it more contractor-friendly.

If there is one programme that distinguishes this government from all previous ones, it is the alacrity with which the road building exercise is being pursued across the state. The programme has been successful in its conception and execution. The main idea was to connect all habitats to

the district headquarters. This idea guided the works of the Rural Works Department. The repair, maintenance and upgradation of state and national highways and major district roads to provide basic infrastructure guided the vision of the Road Construction department. Together, the two departments have contributed to a huge road building project all over the state.

## 2.8 Power

### Background

Per capita power consumption in Bihar is only 74.4 kwh as against the national average of 606.0 kwh yielding a ratio of 1:8. There is a substantial gap between power generated within the state and that, which is locally consumed. Power has to be obtained from the Eastern Region grid, but inadequacies of transmission lines act as a major deterrent to growth. After bifurcation, 70 percent of the generation capacity of erstwhile Bihar has fallen within the jurisdiction of the state of Jharkhand, but 70 percent of the load is left with present Bihar. Bihar's power generating capacities were considerably diminished to just 540 MW of capacity in thermal plants in Barauni (320 MW) and Muzaffarpur (220 MW). This installed capacity has been in a decrepit state and in need of a complete renovation. At the moment, Bihar gets 950 MW of electricity against an allocation of 1170 MW from the Central sector. The power plant at Kanti, Muzaffarpur has been closed since October 2003. In Barauni, one unit was shut down in April 2006 and the other in August 2006. The meagre generating capacity of the power units of Bihar is not in any position to be utilized in the absence of thorough overhauling and substantial renovation and modernization. Thus, at the moment, Bihar is totally dependent for power on its share in Central power stations. Bihar receives a total of 1000 MW of power on an average from the Central power stations. Bihar is also dependent on Damodar Valley Corporation for electricity.

**Share of Bihar in Central Sector Power Stations**

Central Power Sector Stations	Share of Bihar (in MW)
Kahalgaon TPS	265.19
Farakka St-1 and St 2	362.88
Tala Hydel	86.70
Talcher TPS	354.00
Rangit	21.00
Chukha HEP	80.00
<b>Total</b>	<b>1169.77</b>

Source: Economic Survey, Table 4.1

Presently, Bihar has a very small hydroelectric (hydel) power generating capacity with installed capacity of 44 MW, but the units are operational periodically depending on the availability of water and are generating about 25 MW of power. The crisis in the power sector in Bihar is entirely due to resource scarcity.

#### Initiatives to Improve Power Supply

To meet this situation, there are some new projects in the pipeline to improve overall power generation situation involving a total estimated project cost of Rs 19750 crore. These projects are likely to be taken up in the beginning of the 11<sup>th</sup> Five Year Plan. MOUs have been signed with central undertakings to begin power generation in Kanti (Muzaffarpur) and Barauni units. It is expected that 160 MW will soon be generated from these two centres. Barauni T.P.S. extension project is going to be taken up under the state sector while Pirpainti TPS, Nabi Nagar TPS, Katihar TPS are under central sector. In consideration of the limits on thermal power in the state, emphasis is being given on hydel power generation. There are a large number of hydel power plants which are in the process of being built and which are expected to add 44.1 MW to the current generating capacities. In addition, there are 18 small projects under construction and were scheduled to be commissioned by June 2006. Out of these 18 projects, 17 are being constructed with loans from NABARD. There is a proposal for the collaboration of a 4x100 MW Nuclear Power Plant Station at Rajauli. This will have a total capacity of 2000 MW. The estimated cost of the project is Rs 16000.00 crore, assessed at Rs. 8 crore per MW. The process of site selection is under progress. In the renewable energy sector, there have been initiatives to build district level Energy Parks in West Champaran, Bhagalpur, Begusarai, Gopalganj, Supaul, Muzaffarpur and Kaimur by Bihar Renewable Energy Development Corporation. Funds received from the Central Government towards renewable energy development have been released to 23 out of the 38 districts in Bihar. All units of the power plants in Barauni and Kanti are undergoing renovation and modernization works. This has just started a few months earlier. One unit will be restored in Barauni by end of May and another unit will be restored in Kanti by June 2007. So there will be power generation of 160 MW (2x 80 MW) in the state within one or two months. The Kanti Thermal Power Station has been taken up as a joint venture between NTPC and BSEB (Cabinet meeting dated 18.03.06, agenda no 8).

Bihar's share in Kahalgaon has been fixed at 12.5%. Since the total capacity is 1500 MW (3 X 500 MW), another 190 MW will be added to the state's supply in three months. So after three months, Bihar will have access to 350 MW of power. This may increase to 540 MW once the R & M works in Barauni and Kanti are fully completed in about two and a half years' time.

A shell company has been formed with Bihar State Electricity Board (BSEB) and Infrastructure Leasing and Finance Company as joint venture to develop investment in power. This company will identify suitable sites, acquire the land, make arrangements for availability of water and coal and obtain all statutory clearances needed for a power project. Thereafter, it would float tenders to attract private investors to bid for construction of power plants and production and sale of energy. This project is looking at building up capacity of 6000-10000 MW over a period of several years.

### Access to Electricity

There are 45,103 villages in Bihar. Out of these, 47 percent had been electrified by 2004-2005. Bihar lags way behind in terms of rural electrification compared to the national average of 86 percent. Compared to the all India average of 56.5 percent, the proportion of households in rural Bihar with no access to electricity is as high as 95 percent. The National Policy of Rural Electrification prescribes that the State governments should ensure electrification of all the villages by 2009.

Supply of electricity in Bihar is organized by Bihar State Electricity Board (BSEB) under seven area boards — PESU, Central, Magadh, Bhagalpur, Tirhut, Mithila and Kosi. Total number of urban consumers is 4.89 lakhs according to figures obtained from BSEB.

### New Initiatives

- Administrative support is to be provided in implementing anti-theft measures in the power sector. An officer of the rank of Inspector General/Deputy Inspector General of Police will oversee police support in implementing anti-theft measures in Bihar. The existing set-up serving the dual objective of vigilance and anti-theft shall be replaced by this system.
- A centralized payment system has been institutionalized for electricity dues of all government departments at both the state and at local government levels.

- The government is adhering to a subsidy policy, which aims at coverage of at least 50 percent of cost for agricultural consumption and coverage of at least 80 percent of cost for domestic consumers within the next 5 years.
- Provision of single window clearance system has been made for renewable energy projects.

Thus significant attempts are being made to improve the power supply situation and reduce the dependence on central supply.

### Restructuring of the Bihar State Electricity Board

The Bihar State Electricity Board (BSEB) is being restructured into eight companies. The Power Finance Corporation has been appointed as consultant for this work. These eight companies have been notified and are in the process of registration.

Given the general economic failure and decrepit state of State Electricity Boards across the country, a national meeting of chief ministers and power ministers took place on 3.3.2001. It was decided as a matter of national policy that the State Electricity Boards would be divided into independent centres for production, transmission and distribution.

Under the APDP (Accelerated Power Development Programme), the state had signed an MOU with the Centre to receive assistance from the Central government. According to the notes for agenda no 9 of cabinet meeting dated 03/01/2006, one of the conditions of the MOU was the undertaking that by December 2001, the State Electricity Board would be restructured into independent profit centres based on its principal activities of revenue generation, transmission and distribution. It was also agreed that a Power Regulatory Commission would be formed. The Cabinet approved this MOU at the time. The state cabinet accepted the return of dues of the BSEB to central sector power organizations and it was decided that BSEB would be split and restructured.

The Government of India passed the Electricity Act in 2003. This Act has a provision for setting up separate companies for production, transmission and distribution. Licenses would be issued for the transmission, distribution and trade in electricity. The State Power Regulatory Commission was supposed to work out the modalities of the licensing policy. To develop co-ordination in the



transmission facilities of the state, a State Transmission Utility was proposed, but this company could not trade in power. The State Power Regulatory Commission would determine the tariff for power.

The State Power Regulatory Commission was established in March 2002. The Electricity Act 2003 has provisions from the rules and regulations adopted earlier in the Power Regulatory Commission Act 1998. In 2005-06, the Chairperson and members of the State Power Regulatory Commission were appointed and the Commission started functioning.

In this background, it was decided to go ahead with the dismantling and restructuring of BSEB into 6 companies in the cabinet meeting dated 03/01/2006 (Agenda No 9).

It was proposed that the BSEB be broken down into the following companies:

1. Bihar State Power Company (Holding company); headquarters: Patna.
2. Bihar State Production and Transmission Company; headquarters: Patna.
3. Patna Electricity Supply Company; headquarters: Patna
4. South Bihar Electricity Supply Company; headquarters: Gaya
5. North Bihar Electricity Supply Company; headquarters: Muzaffarpur
6. Eastern Bihar Electricity Supply Company; headquarters: Bhagalpur

A Committee chaired by the Development Commissioner has made the suggestions mentioned above. These have been approved by the Governor. The next step is to prepare a plan for handing over and registration of the new companies. An expert agency has to be nominated for this task with the help of the Central Government. The Power Finance Corporation has been appointed as the advisory agency for the restructuring of BSEB. They will fund the process through a stand-alone grant.

### Status of BSEB

In recent months, revenue collection has gone up, with Rs 35 crore being the revenue collection for the first 10 days of April. In recent times, this has been the single-most priority of the BSEB.



The total transmission and distribution loss for BSEB is 40 percent on an average. This is attributable to significant amount of power theft, made possible by the general law and order and mores of the social system. The aggregate loss is separate into two parts — technical and commercial loss. The latter includes billing/collection inefficiency. This also includes the severe non-payment problems of the government departments. The total billed amount for the government sector is Rs 360 crore, out of which only Rs.100 crore is paid. So there is a running loss of Rs 260 crore on account of government departments and constituencies using electricity without paying the bill. A monthly payment of Rs 60 crore is made by the Government towards funding the resource gap which accrues due to the statutory framework of subsidized tariffs for special sectors. But this is no substitute for the Rs 260 crore owed by Government departments that do not come under any special rates.

There has been substantial work on transmission lines through the RSVY programme. This consisted of connecting lines and building 17 grids in North Bihar. Thus transmission infrastructure in North Bihar has been strengthened. Another Rs 1240 crore have been sanctioned for improvement of grids in South and Central Bihar by adding another 16 grids. Two other programmes in which a lot of attention is being focused are the rural electrification and the town augmentation programmes. The total capacity after augmentation will be 6000 KVA.

The last important focus is on distribution. Under the Accelerated Power Development and Reforms Programme (APDRP), renovation and R & M of all lines in all towns is scheduled. Similarly, lines in rural areas in all 38 districts are supposed to be covered by the Rajiv Gandhi Grameen Vidyutikaran Yojana. According to the notes for agenda 70 of cabinet meeting dated 09/03/06, in FY 2005-06, Rs 6800.00 lakh was budgeted for rural electrification.

The power sector is in a grim shape in Bihar. Under the circumstances described above, the most urgent task is to strengthen the BSEB rather than breaking it up into smaller units that would still run up huge losses. Thus the reforms in this sector seem to be more influenced by joining the bandwagon of national ‘power reforms’ without considering the specific problem of the state.

## **2.9 Urban Development**

Bihar has experienced one of the highest population growth rates during 1991-2001. It is the third most populous state of India, accounting for 8.07 per cent of total population. The decadal growth

rate in Bihar increased from 23.4 per cent during 1981-91 to 28.4 per cent during 1991-2001 (after adjusting for the new State) while, at the same time, the growth rate declined from 23.9 to 21.3 at the national level. It is India's second least urbanized State with 10.47 per cent urban population, the least being Himachal Pradesh with 9.79 per cent urbanisation. The proportion of rural population in the state has increased while that of the urban population has remained almost stagnant during the last decade. According to State government data, urban area (1,095.49 sq. kms) constitutes less than two per cent of total area of Bihar (94, 163.00 sq. kms).

Patna, with a level of urbanisation of 41.80 per cent is the most urbanised district while Kaimur is the least urbanised (3.20%). Nine districts enjoyed level of urbanisation higher than the state average. Five most urbanised districts (Patna, Munger, Bhagalpur, Sheikhpura and Nalanda) account for 36.5 per cent of the state's urban population with Patna alone claiming 22.7 per cent.

The municipal areas are classified on the basis of population, density and the proportion of workers engaged in non-agricultural activities. The transitional areas or Nagar Panchayat must have more than 12,000 inhabitants while this number will be more than 40,000 for constitution of a municipality and more than 200,000 for constitution of a corporation. At present, Bihar has 115 urban local bodies (ULBs) with 5 Municipal Corporations, 32 Municipal Councils and 78 Notified Area Committees. Besides this, there are five Regional Development Authorities.

General administration, public health, sewerage and conservation dominate the revenue expenditure profile of the local bodies as evident from the table below. Patna and Bihar Sharif spend substantially on public health, allocating the highest proportion of expenditure (more than 40 per cent) to it. In Patna, the next two major components of expenditure are sewerage and conservation, accounting for about 20 per cent in each account. However, other local bodies have spent much less on sewerage. Muzaffarpur and Bihar Sharif did not spend any money on this account. Comparatively, the local bodies spent significant proportion of expenditure on conservation. The proportion has been highest in Bihar Sharif. Public health is the major municipal activity of the local bodies. Municipal road and street lights are two neglected areas of municipal activities.

**Percentage Distribution of Revenue Expenditure by Service Provided: 1997-98**

	<b>Patna</b>	<b>Muzaffarpur</b>	<b>Bihar-Sharif</b>	<b>Chhapra</b>	<b>Hajipur</b>	<b>Jehanabad</b>	<b>Madhubani</b>
Gen. Adm.	12.7	30.2	4.1	7.4	17.1	27.8	21.4
Pub. Health	41.3	34.0	41.5	39.5	32.1	25.2	24.6
Pub. Works	1.2	1.5	0.6	2.1	19.8	0.0	14.2
Pub. Safety	0.7	0.3	0.9	2.8	0.1	1.3	0.2
Dev. & Plng	0.0	0.7	10.1	0.0	0.0	19.2	0.0
Reg. Funct.	0.0	0.4	0.4	0.0	0.0	0.0	0.3
Water Sup.*	0.0	3.6	0.0	5.5	0.1	0.0	1.4
Sewerage	22.1	0.0	0.0	6.7	13.9	0.0	6.3
Conservation	18.5	26.9	41.3	30.9	16.6	25.2	16.9
Mun. Roads	1.2	1.5	0.2	2.1	0.2	0.0	14.2
Street lgt.	0.7	0.3	0.9	2.8	0.1	1.3	0.2
Others	1.7	0.8	0.0	0.2	0.0	0.0	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source : Table 10(a): p187, Bihar Development Report

The major agencies involved in slum management in the city are Patna Regional Development Authority (PRDA), Bihar State Housing Board, Patna Municipal Corporation (PMC) and the District Urban Development Agency. They operate three major slum related schemes, namely Environmental Improvement of Urban Slums (1974), Slum Rehabilitation Scheme (1990) and National Slum Development Programme (1997). These programs cater to provision of basic amenities in the slums while keeping a provision for housing for persons below poverty line. The present government has laid stress on urban development. Thus some major reform measures have been taken in the urban sector. These are:

- Effective implementation of decentralization initiatives as envisaged in 74th CAA Constitutional Amendment.
- Urban Land (Ceiling and Regulation) Act 1976 has been repealed in August 2006 to enable wide private participation in the building of cities and colonies (Cabinet meeting dated 18.03.06, agenda no 37).
- The Apartment Ownership Act, which had severe shortcomings, restricting investment in the sector, has been amended in August 2006.

- Reform of Rent Control / Municipal Law has been finalized. To be placed before the Assembly in the winter session.
- Rationalization of stamp duty - brought down from the existing 18% to 10% in May 2006, with a target to reach 5%.
- Bye-laws have been revised in May 2006 to streamline the approval process for construction of buildings.
- There are 335 cinema halls in the state. In order to attract investment in multiplexes and malls, building bye-laws, cinema rules have been amended in August 2006. On 27/12/05, the Cabinet (agenda 11) granted discount in entertainment tax for multiplexes.
- Building bye-laws have been amended in April 2006 to incorporate structural safety norms, rainwater harvesting and provision for disabled persons, etc.
- State Government has computerized registration of land and property, and property title certification.
- In several ULBs. Public Private Participation projects have been experimented starting with garbage disposal, street lighting, construction of bus stands, etc.
- Introduction of a system of e-governance using IT application for various urban services and reform of property tax.
- Master Plans and GIS Mapping of major towns have been taken up.
- Training of women councillors is going on through the RCUES, Lucknow. About 25% women councillors in the state have already been trained.
- Emphasis on creating and augmenting basic infrastructure facilities in water supply, sewerage, storm water drainage, solid waste management, roads and bridges in all the 122 ULBs in the State.

The thrust of the reforms are towards better management of urban taxation, encouragement to building and contracting and incentives for private sector investment e.g. in cinema halls. There is a lacunae in the reform process in its total neglect of the urban poor. The emphasis on cinema halls seems to have received undue importance in a scenario where basic urban infrastructure and amenities is sadly lacking. This casts doubts on the prioritization process in urban development.

## 2.10 Functioning of PRIs

There are 8463 Panchayats in Bihar in 529 blocks. There are 1, 15, 876 Gram Panchayat members, 11,566 panchayat samiti members and 1162 members of zilla parishads. In order to remove the hurdles in the way of providing reservation in Panchayat elections, a new Bihar Panchayati Raj Act, 2006 was legislated by repealing the old Act.

Provisions have been made for 50% reservation for women, 20% reservation for extremely backward classes and for Scheduled Castes and Scheduled Tribes according to proportion of their population in all categories of posts in the three-tier Panchayati Raj System. Scheduled Castes have been given 16 percent reservation and Scheduled Tribes have been given 1 percent reservation under this Act. Reservation has been provided in all single posts. There is mandatory representation of women in all the standing committees of the Panchayats. Provisions have been made for 50% reservation for women in the District Planning Committees.

Arrangements have been made to organize *Gram Vikas Shivir* in the panchayats in which local matters/works at the Block and Circle level would be disposed in a transparent manner. The idea is to make *Gram Sabha* a medium to take development plans and other public services to the villagers with ease and *Gram Vikas Shivirs* are to be established through the *Gram Sabhas* (16/09/06, Letter no. 10923, *sanchika san.* – rur. Dev./7-SGSY, -shivir-05/06).

Village Courts or Gram Kachharys are being established for disposal of minor disputes. This is an effort to introduce a speedy, cheap and accessible justice delivery system to resolve local contentious issues amicably. The Gram Kachharys entail the following:

- Reservation for women and disadvantaged groups
- Appointment of law graduates as Nyayamitras to assist the bench
- Mandatory trail of cases falling in Gram Kachhary jurisdiction
- No court to take cognisance of cases falling under the jurisdiction of Gram Kachhary
- Officer-in-charge of a Police Station to report criminal offences falling under jurisdiction of Gram Kachhary

The government has started gradual transfer of school management to the PRIs (Panchayati Raj Institutions) at various levels.

Initiatives to empower the Gram Sabha constitute:

- Mandatory quorum of 5% for the first Gram Sabha and 2.5% for the subsequent Gram Sabha
- Selection of Beneficiaries for Social Development Programmes by Gram Sabha
- Presentation of Audit and Budget in Gram Sabha
- Social Audit of Schemes by Gram Sabha
- Formation of vigilance committee by Gram Sabha
- Ratification of proposed schemes by Gram Sabha
- PRI representatives classified as ‘public servant’
- Constitution of standing committees on finance, audit, planning, social justice and on other important affairs
- Provision for removal of chairman, vice-chairman, Pramukh, Uppramukh, Mukhiya and Upmukhiya for misusing authority or not performing duties or if declared absconder in a criminal case for more than six months
- Power of Gram Sabha to recall Mukhia by referendum
- Similarly power of members of Panchayat Samitee and Zila Parishad to remove Pramukh /Uppramukh and Chairman, Vice-chairman, respectively.

Measures have been taken to properly monitor the supply of kerosene oil to PDS sellers and its distribution. The Chief Convener of the Indian Oil Corporation has been instructed to make available to the concerned district officer, information regarding all the oil tankers that enter the commercial premises of the kerosene oil wholesalers everyday. Measures have been taken to appoint one among BDO/CO/Block Supply Officer/Supply Inspector on an exclusive basis to physically verify the oil tanker and quantity of oil and to enter comments in their inspection book. List of sub-allocation of kerosene oil issued from the sub-division level is to be necessarily given to all concerned, besides vigilance committee/task force/*nagar parishad/zila parishad/panchayat samiti/panchayat*. A copy of this would be displayed on the notice board of sub-division and

division supplies office. (13.07.2005, *gyapank*-1871) This is reflected in cabinet order no 53 in meeting no 36(08)-18-06 dated 18.03.06.

A decision has been taken to stock one quintal of foodgrains in every panchayat to ensure protection against starvation deaths, which can only be released at the recommendation of mukhia. (14/08/06, letter no. 2685, and letter no.1588 dated 9/5/06, Food, Civil supplies and Commerce department.)

The Administrative Reforms Commission has advised speedy internalization of all the 29 subjects on which panchayats have been given the right of self-governance. Further, following works were to be handed over to the panchayats with immediate effect:

1. settlement of the panchayat level estates
2. all registration works concerning births, deaths and marriages
3. issuing of Caste certificates
4. repair and maintenance of hand pumps
5. all works relating to rural hygiene and drinking water availability

Devolution of power to the Panchayats entails:

- Devolution of powers related to functioning of 29 subjects of 20 departments by activity mapping as prescribed in 11<sup>th</sup> schedule of the Constitution
- Formation of high powered committee under chairmanship of Commissioner and Secretary, Rural Development to further devolve functions, functionaries and funds
- Creation of Panchayat Window – High powered committee under chairmanship of Commissioner and Secretary, Finance to augment Fiscal Transfer to Panchayats
- Constitution of District Planning Committee – To ensure bottom up planning
- Constitution of High Powered Committee under chairmanship of Secretary, Planning to make the District Planning Committees vibrant and effective



As part of capacity building of PRIs, training programmes have been undertaken as detailed below:

- First round of training of each tier in four phases
- First Phase – One day training of Mukhiya and Gram Panchayat Members conducted on 17<sup>th</sup> / 18<sup>th</sup> / 19<sup>th</sup> / 24<sup>th</sup> Nov. 06 at district level
- Second Phase – Training of Panch and Surpanch of Gram Kachhary is to be conducted under the guidance of Honorable Patna High Court
- Third Phase – Training of Panchayat Samiti members at district level is proposed
- Fourth Phase – Training of Zila Parishad members at commissionerate level is proposed

Panchayats have a proactive role in the following:

- Distribution of job cards in NREGP
- Selection of beneficiaries in all poverty alleviation, development, welfare and social security programmes including selection of BPL
- Appointment of teachers, supervision of mid day meal programme and constitution of Siksha Samiti
- Distribution of coupons in PDS to ensure ration go to genuine beneficiaries
- Selection of ASHA workers under National Rural Health Mission (NRHM)
- Selection of Anganwadi Sewika / Sahayika in ICDS
- Distribution of diesel subsidy to farmer

For speedy disposal of justice, Gram Kachharys have been proposed. These entail:

- Speedy, cheap and accessible justice delivery system to resolve local contentious issues amicably
- Reservation for women and disadvantaged groups
- Appointment of law graduates as Nyayamitras to assist the bench
- Mandatory trial of cases falling in Gram Kachhary jurisdiction



- No court to take cognisance of cases falling under the jurisdiction of Gram Kachhary
- Officer-in-charge of a Police Station to report criminal offences falling under jurisdiction of Gram Kachhary.

### Rural Development

The rural development department is concerned with implementation of many sponsored schemes:

NREGP: Bihar Rural Employment Guarantee Scheme has been prepared under the provision of National Rural Employment Guarantee Act, 2005. It guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. In case of failure to provide job, the labourer will be compensated with unemployment allowance. This scheme has been launched in 23 districts of Bihar viz. Araria, Aurangabad, Bhabhua, Bhojpur, Darbhanga, Gaya, Jamui, Jehanabad, Katihar, Kishangunj, Lakhisarai, Madhubani, Munger, Muzaffarpur, Nalanda, Nawada, Patna, Rohtas, Samastipur, Sheohar, Supaul, Vaishali from 2nd February 2006.

In the remaining 15 districts, the Government of Bihar has launched the Bihar State Rural Employment Guarantee Scheme 2005. These districts are — Arwal, Banka, Buxar, Begusarai, Bhagalpur, East Champaran, Gopalganj, Khagaria, Madhepura, Saharsa, Saran, Sheikhpura, Sitamarhi, Siwan, West Champaran from 2nd February 2006. This was decided in cabinet meeting dated 22/02/06 (agenda no 5). Bihar State Rural Employment Guarantee Scheme is being implemented with state fund and on the same pattern as Bihar Rural Employment Guarantee Scheme 2005.

From 1<sup>st</sup> April, 2007, all districts have come under the Bihar Rural Employment Guarantee Scheme and thus the state does not have to run the schemes in the 15 districts mentioned above.

Bihar Rural Employment Guarantee Scheme is a Centrally sponsored programme on a 90:10 cost sharing between the Government of India and State government The Government of India bears the entire expenditure incurred on unskilled workers and 25% of expenditure on semi skilled/skilled workers and cost of materials. The expenditure incurred on payment of unemployment allowance is to be fully borne by the State government.

This programme is being implemented through P.R.I.s. 50% of total available fund is to be made available to the Gram Panchayat, 30% to the Panchayat Samiti and 20% to the Zilla Parishad.

DPAP: The Drought Prone Areas Programme (DPAP) aims at mitigating the adverse effects of drought on the production of crops and livestock and productivity of land, water and human resources. It strives to encourage restoration of ecological balance and seeks to improve the economic and social conditions of the poor and the disadvantaged sections of the rural community. DPAP is a people's programme with government assistance. There is a special arrangement for maintenance of assets and social audit by Panchayati Raj Institutions. Development of all categories of land belonging to Gram Panchayats, Government and individuals falls within the limits of the selected watersheds for development.

Allocation is to be shared equally by the central and state governments on 75:25 basis. Watershed community is to contribute for maintenance of assets created. Utilisation of 50% of allocation under the Employment Assurance Scheme (EAS) is for the watershed development. Funds are directly released to Zilla Parishads/District Rural Development Agencies (DRDAs) to sanction projects and release funds to Watershed Committees and Project Implementation Agencies.

Village community, including self-help/user groups, undertakes area development by planning and implementation of projects on watershed basis through Watershed Associations and Watershed Committees constituted from among themselves. The Government supplements their work by creating social awareness, imparting training and providing technical support through project implementation agencies. Non-Government organisations can approach the District Rural Development Agency (DRDA) for appointment as Project Implementation Agencies.

Identifying People Below Poverty Line (BPL): The main emphasis of the rural development department is on implementing schemes more effectively. As both SGSY and IAY are for BPL population, the key question that has to be tackled is who is a BPL person? The earlier list prepared in 2002-03 was full of defects. There was no transparency in the way the list had been prepared.

Under this government, in July 2006, Gram Sabhas were held in every village. This was the first chance that people got in terms of public access to the list. They were able to register objections. A process was established to correct the list and computerize it. In January-February 2007, it was realized that there was a lot of data entry error. Since March, the rectification of data entry errors is taking place. Efforts are being made to circulate the list quite widely in the public domain. To look into complaints about the list, a committee consisting of 6 elected representatives and 4 government officials will be formed.

IAY: Indira Awaas Yojana aims at building and upgradation of houses for people below poverty line, SC/ST, freed bonded labour and non-SC/ST poor households. The share of center and state is in the ratio of 75:25. The achievements of IAY are laid out in the table below according to the notes for agenda no 11 for Cabinet meeting dated 09/03/06.

Year	2003-04	2004-05	2005-06 (Up to December)
Total Available Amount (Rs lakh)	49144.942	77317.157	57247.498
Total Disbursed Amount (Rs lakh)	37166.327	57829.022	34454.758
New Houses	127576	173662	112829
Upgradation of Existing Houses	51724	31879	45854
Loan cum Assistance	2714	NA	NA

IAY was the most corrupt programme due to the discretion exercised by elected representatives and public officials in the identification of beneficiaries. The Centre removed one source of discretion by basing the beneficiaries on the BPL list. The state government took some additional measures to remove the contact point between the official disbursing the money and the beneficiary as this was a source of leakage with the officials extorting a part of the money from the beneficiary. Instead of either cash or cheque payment to individuals, a first installment of Rs 24,000 out of Rs 25,000 is paid in the name of a group of beneficiaries into the bank by the BDO. The money is then disbursed to individual beneficiaries through the bank. Once the beneficiary builds a smokeless chullah and a sanitary latrine, the balance of Rs 1000 is released.

In 2004-05, the Pradhan Mantri Gramodaya Yojana (PMGY) was merged with the Indira Awas Yojana in the state. The Government of India took a strong exception to this, arguing that the two were separate programmes. Accordingly, the two programmes have been separated in agenda no 9 of Cabinet meeting held on 09/03/06.

SGSY: The aim of the Swarnajayanti Gram Swarozgar Yojana (SGSY) programme is to provide self-employment to the BPL families including the women through formation of self-help groups (SHGs). A subsidy to the extent of 50 percent, subject to a maximum of Rs. 1.25 lakh, is given and the balance amount is provided by the bank as term loan for starting the activities. According to the cabinet notes for agenda no 10 of cabinet meeting dated 09/03/06, the following was the result of the programme:

Year	Amount of Grant (Rs. lakh)	Amount of Bank Loans (Rs. lakh)	No of Individual Beneficiaries (thousand)
2002-03	10823.765	18026.76	103.3
2003-04	8454.32	18640.613	95.3
2004-05	5332.206	15871.05	99.6

SGSY was also a huge source of leakage as long as it worked on the basis of targeting individual beneficiaries. The strategy has been changed now and the target is to finance as many SHGs as possible rather than individuals. The number of SHGs has doubled this year, while individual financing is half of what it was last year. For the year 2005-06, up to December, Rs. 103.20 crore have been spent to form 13,135 self-help groups and thus benefiting 58,911 individuals.

Progress in SGSY has been much more than NREGP. This is because the NREGP involves a lot of paper-work. From 1<sup>st</sup> April, all districts are covered by the NREGP. Up till March 2007, 35.6 lakh job cards has been distributed in the 23 districts that were covered by NREGP in 2006 and 17.3 lakh job cards distributed in the 15 districts that were added in 2007. Under NREGP, an attempt has been made to renovate the old Ahar-Pyne systems of irrigation in old Gaya division.

The Panchayati Raj institutions are central to the NREGP and the IAY. According to the NREG Act, 50 percent of the money has to be handed over to Gram Panchayats for spending. They are

also supposed to identify the projects for NREGP. For IAY, the basic BPL list has to be approved by the Gram Sabha before beneficiaries are identified from the list.

The last emphasis has been on rebuilding the capacity of the state machinery in terms of developing knowledge, skills and attitude towards work. As a step towards this objective, the average age of Project Directors of DRDA was brought down from 60 years to 50-52 years. Bihar Administrative service officials who were selected for this work were given a rigorous training for 6 days at BIPARD. Not much has been done so far on the training and capacity building for NREGP. For Hariyali, 180 members of Watershed Development Team were sent for training to Indore and Maharashtra to visit two centers that have the best practice in terms of watershed development, one developed by Baba Amte and the other by Anna Hazare. Efforts have also been made to computerize the whole department, for which training has been given to all staff members. The next step is to connect the department through a LAN and setting up a website that will ensure greater transparency.

The main difference that this government has made is to ensure a work culture by asking for results and ensuring an environment where top ranking officials are not working under undue influence or pressure. There is a sense of empowerment among officers. This difference has come due to the quality of leadership of the present government.

However, this has not trickled down to the district and Panchayat levels. There are also gaps between intention and actual capacity. For example, Panchayat members are not aware of their roles and responsibilities as PRI functionaries. Thus the initiatives to empower PRIs is just the beginning of a very long process of progressive devolution of power. This runs the risk of just being used as a political subsidy by the ruling government with true devolution remaining a distant dream.

### **III. IMPACT OF REFORMS: SURVEY OF FIVE DISTRICTS**

#### **3.1 Research Framework**

At present there are 38 districts in Bihar and their development levels vary considerably with respect to both economic and social indicators. Studies attempting to identify broad economic regions in Bihar have concluded that the development gradient in the state runs from the south to

the north and from the west to the east. Thus, the districts in the south-west quadrant are found to be most developed, those in the north-east are found to be least developed and the remaining two quadrants fall in the middle range.

In designing the field study, Araria has been chosen as a typical disadvantaged district to analyse the impact of remoteness of a district, which is often related to the inadequate strength of district-level governance. Patna as the state capital has been chosen on the assumption that the administration will be most effective in the district being the seat of governance. The three other districts Saran, Bhojpur and Lakhisarai are intermediately placed in ranking of the districts on the basis of governance and per capita income.

The purpose of the survey is to obtain data on the functioning of the present administration. The key enquiry is to see how the different district administrations are functioning, as one goes increasingly further from Patna, the seat of governance. A variety of information is required to study the administrative pattern at the district level. The required information may broadly be classified as primary and secondary data. Considering the enormity and complexity of collecting information and data as also the time constraint, the study is based on collection of data / information both at the desk and the field levels. While the secondary data at the desk were collected at the district, sub-division, block and the gram panchayat level, the primary data / information were collected at the village and household levels. Beside, the overall impression about the administration was obtained through group discussions primarily at the village level. The knowledgeable person of the village / gram panchayats like teachers, bank managers etc. were also interviewed for eliciting their views on the district administration.

After the selection of five representative districts of Araria, Bhojpur, Lakhisarai, Patna, and Saran, two sub-divisions have been selected from each for the field study. From each of the selected sub-divisions, two blocks were selected in the next state in consultation with the district authorities. Similarly, from each of the selected blocks, two Gram Panchayats were selected in consultation with the BDO. Finally, one village in each of the selected Gram Panchayats was selected to elicit the views from a sample of 15 households, chosen randomly from the cross section in the village with regard to overall functionaries of the government and the quality of district administration. In

the case of Lakhisarai, a total of three blocks were selected out of one sub-division as the district is small in size. Thus the total sample size for the study has been as under:

**Table 3.1 : Sample Size in the Selected Districts**

Item	Araria	Bhojpur	Chhapra	Patna	Lakhisarai
1. Sub-Division	2	2	2	2	1
2. Blocks	4	4	4	4	3
3. Gram Panchayats	8	8	8	8	6
4. Villages	8	8	8	8	6
5. Households					
(a) With > 2 acres of land	5	5	5	5	5
(b) With 1-2 acres of land	5	5	5	5	5
(c) With 0-1 acre of land	5	5	5	5	5
Total (1 village)	15	15	15	15	15
Sample Size (N) for all villages (8X15)	120	120	120	120	90

In each village, the households were chosen based on the criterion of landownership as illustrated in the table above. This was done with the aim of having a sample representative of all the economic strata in a village.

### **3.2 Profile of the Selected Districts**

Patna: Patna is the largest town and headquarters of Patna district, Patna division and Bihar state. It lies on the main line of the Eastern Railway and is well connected by road. It is mainly an administrative and educational center. The district lies virtually in the heart of the South Bihar Plain. The city of Patna has been the headquarters and the state capital since 1911. The district is bounded on the north by the Ganges, beyond which lie the district of Saran, Vaishali, Samastipur and Begusarai. To the east lies the district of Lakhisarai and Nalanda and to the south, the district of Jahanabad. Patna is separated from Bhojpur district on its west by river Sone. The district is named after its principal city, Patna. Total area of the district is 3202 sq km. The district headquarter is located at Patna.



Bhojpur: The present district of Bhojpur came into existence in 1992. Earlier this district was the part of old Shahabad district. In the year 1972, Shahabad district was bifurcated in two parts, namely Bhojpur and Rohtas. Buxar was a sub-division of old Bhojpur district. In 1992, Buxar became a separate district and rest of Bhojpur district has now three sub-divisions - Ara Sadar, Jagdishpur and Piro. Ara town is the headquarters of the district and also its principal town. The new Bhojpur districts consists of three sub-divisions, comprising 14 development blocks stretching over an area of 2,37,526 hectares. The entire strip of land between the river Ganga on the north and the main line of Eastern Railway on the south is low laying deposits of silt from the Ganges almost every year and is extremely fertile. In fact, this region is considered to be the best wheat-growing area in the state of Bihar.

Araria: Situated in the northeastern part of the state, the district is in complete contrast to Bhojpur in terms of its economic and social development. The agricultural economy of the district is very weak, mainly because of the absence of assured irrigation facilities and, almost the entire district is subjected to recurrent floods. As a part of the erstwhile Purnia district, the region now forming part of Araria district faced diversities by its rivers which played an important role in defining the social and agrarian composition of the district. Until 1955, the district received the onslaught of Kosi river, which while crossing the district left in its wake stagnant streams, dirty swamps and marshes filled with rotting vegetation as well as miles of flooded tracts rendering the land uneven. The non-agricultural activities in the district are extremely limited, as witnessed by the very low level of urbanisation (6.2 percent) and the sectoral composition of the workforce. In consequence, the level of social development in the district is also very low. The literacy rates for the general and female population are only 34.9 and 22.1 percent, respectively.

Saran: In ancient days, modern Saran Division, formed a part of KOSALA country. The district of Saran is situated in the southern part of the newly created Saran Division of North Bihar. The Ganges constitutes the Southern boundary of the district beyond which lie the districts of Bhojpur and Patna. To the north of Saran lie districts of Siwan and Gopalganj. The Gandak forms the dividing line with Vaishali and Muzaffarpur district in the east. To the west of Saran lie district of Siwan and the district of Ballia in Uttar Pradesh, the Ghaghra constituting a natural boundary between Saran and Ballia.



Lakhisarai: This district was established on the 3<sup>rd</sup> of July 1994. Before coming into existence as a new district, Lakhisarai was a sub-division within Munger District. Historians established on the basis of analysis of evidences, that this place was a reputed religious center for the Hindus in the period of the Pal rule. The district covers an area of about 129397 hectares. The district can be divided into three parts viz. (i) Hilly area (ii) Flood hit area and (ii) Plain area. The hilly area comprises of hill series and rocks like Kachhua hills, Kajra mountains up to Abhaipur and Jaynagar Mountains including forest area. Almost whole of Pipariya block and some part of Barahiya is considered as flood hit area. This area remains almost drowned in rainy season. But so far as cultivation and agriculture is concerned this area is called the stock of food Grains. Rest of the part except Hilly and flood hit area is plain area with full greenery and cultivable land.

**Table 3.2 : Comparative Profile of Five Districts**

Sl. No.	Characteristics	Araria	Bhojpur	Saran	Patna	Lakhisarai
1.	Headquarter	Araria	Ara	Chhapra	Patna	Lakhisarai
2.	Area (sq. km.)	2830	2474	2641	3202	1228
3.	Population (^000) (2001)	2125	2233	3248	3618	802
4.	Density of Population per sq. km. (2001)	751	903	1231	1471	652
5.	Male Population (^000) (2001)	1109	1175	1652	2515	417
6.	Female Population (^000) (2001)	1016	1058	1596	2194	384
7.	Sex Ratio	916	900	966	873	921
8.	Urbanisation	6.2	14.0	NA	NA	NA
9.	Literacy (%)	34.94	59.71	51.80	63.82	47.96
10.	Male Literacy (%)	46.50	74.78	67.30	73.81	60.74
11.	Female Literacy (%)	22.14	42.81	35.82	52.17	33.96
12.	Subdivision	02	03	03	06	01
13.	Nagar Parishad	01	01	01	06	01
14.	Nagar Panchayats	02	03	04	04	02
15.	Blocks	09	14	20	23	07
16.	Panchayats	218	228	330	321	80
17.	Villages	745	1244	1767	NA	472

The comparative profile of the five districts is presented in Table 2. Patna is the largest district in terms of area and population while Lakhisarai is the smallest. Lakhisarai has just 472 villages while Saran has 1767 villages. Saran (1231 persons / sq.km.) and Patna (1471 persons / sq. km.) are very densely populated districts. Lakhisarai has the least density of population at 652. Sex ratio is lowest in Patna and highest in Saran. Literacy is highest in Patna and the lowest in Araria, the most remote and backward district in the survey. Male literacy rates are highest in Bhojpur (74.78 percent) followed closely by Patna (73.81 percent). Male literacy is the lowest in Araria at 46.50 percent. Female literacy presents an even more dismal picture in all districts. In Araria, just 22.14 percent of the female population is literate. In Lakhisarai, female literacy is 33.96 percent. It is 35.82 percent in Saran, 42.81 percent in Bhojpur and 52.17 percent in Patna. Urbanisation figures are not available for most districts, but on the whole, the level of urbanization is very low with just 6.2 percent of Araria district and 14.0 percent of Bhojpur district being urban. Except for Patna which has 6 Nagar Parishads, all the other districts have just 1 Nagar Parishad. This provides another index of the low rate of urbanization in the districts under consideration. From the number of Nagar Parishads, we can conclude that Patna is the most urbanized district.

Economically, Bhojpur and Patna are the most well off districts. As mentioned before they fall in the south west quadrant of the state. They are endowed with very fertile land. Araria is the worst off district. Though it has some irrigation facility from the Kosi Canal system, it is flood prone and large sections of land are submerged for a long period during the year. The position of Saran and Lakhisarai is intermediate. Saran district is slightly better off due to availability of quality irrigation and also for its unique distinction of sending a large number of out-migrants, some even to the Gulf countries. Lakhisarai has a low density of population indicating the poor quality of land. Thus an economic ranking of the districts in order of best performance would be Patna, Bhojpur, Saran, Lakhisarai, Araria.

### 3.3 Infrastructure

Road works have taken place in all the districts surveyed. The survey results indicate that 50 percent respondents in Araria, 45.8 percent in Bhojpur, 60 percent respondents in Saran, 58.3 percent respondents in Patna and just 37.7 percent respondents in Lakhisarai maintained that road work had led to improvement in road infrastructure in the districts.

Works to improve village drains was significantly perceived in Patna where 55.1 percent respondents mentioned some improvement in drainage. No such work has taken place in Araria. In Bhojpur, just 16.7 percent reported improvement in drainage, while in Saran 37.5 percent of

respondents reported some improvement in the village drainange system. In Lakhisarai, just 28.8 percent of respondents reported improvement in village drains.

Patna came out at the top in village electrification with 72.5 percent of respondents agreeing that electricity had reached their villages. In Lakhisarai and Araria, the situation was dismal with just 17.7 percent of respondents in Lakhisarai saying that electricity had reached their villages. The percentage was slightly higher at 25 percent for Araria. In Bhojpur and Saran, 46.7 percent and 48.3 percent of respondents respectively mentioned improvement in village electrification.

Thus, road development emerges as the key infrastructural change visible at the village and district level except in Lakhisarai. Works in village drainange and electrification of villages is confined to Patna and the relatively developed districts of Bhojpur and Saran.

**Table 3.3 : Views of Respondents Regarding Infrastructure**

Items	Araria (N=120)	Bhojpur (N=120)	Saran (N=120)	Patna (N=120)	Lakhisarai (N=90)
Percentage of respondents reporting					
(a) Improvement in Roads	60 (50.0)	55 (45.8)	72 (60.0)	70 (58.3)	34 (37.7)
(b) Works in Village Drainages	00 (0.0)	20 (16.7)	45 (37.5)	66 (55.1)	26 (28.8)
(c) Electricity in the villages	30 (25.0)	56 (46.7)	58 (48.3)	87 (72.5)	16 (17.7)

In Bhojpur, the survey team observed positive changes in road development in the last one year. Panchayat functionaries also have given significant priority to infrastructure development. But connectivity is still a major issue in places like Bariswan village in Shahpur block in Bhojpur district. This village has no approach road on any side. This village is in the Diyara region of the River Ganga and remains sub-merged for 2-3 months in the rainy season. During such times, boats become the lifeline for transportation.

Araria district has seen its share of road works under the present government. The distant block of Bhargama in Araria district was isolated for decades from the district headquarters due to lack of road. Most of the time, 80 percent of the block remained submerged in flood water. After the present government came to power, a new district road was constructed by the Road Construction department up to Bhargama. Other blocks have also been prioritized for road construction.

In most of the blocks that the field team visited in Saran district, road construction process was at its peak. Every Panchayat has been connected with the main road in the district. Many of the district roads and state highways are under construction. The NH-19 was found completely damaged in Rifilganj and Manjhi block covering a distance of 20 kms.

The basic infrastructure in Patna was much better than any of the other districts. In Barh, a large number of roads are being constructed. In Vikram block, State Highway no 2 is under construction.

Lakhisarai presents a diametrically opposite picture. Road construction initiative lags far behind in Lakhisarai. In the past, some state highways and district roads received material for maintenance work and widening, but currently, there is no progress in road construction in the district.

### **3.4 Health Delivery**

The reforms in the health sector of the present government have been geared towards making the health delivery system at the district level responsive to the needs of the people. To measure the impact of these reforms, the field staff asked the respondents about the nature of access to hospital treatment. The service at district hospitals showed satisfaction in all districts though the degree of satisfaction varied between 75 percent in Bhojpur and 47.5 percent in Patna. The level of satisfaction with the workings of additional Primary Health Centres was not very high. The best judgement for additional PHCs came from Bhojpur where 56.6 percent of respondents expressed satisfaction with access and treatment. In all district hospitals, radiology and electricity supply services through generators have been outsourced to private parties as part of government policy.

Regularity of doctors was reported by 54.1 percent respondents in Saran, 43.3 percent respondents in Patna, 45.8 percent respondents in Bhojpur, 42.2 percent in Lakhisarai and just 16.7 percent in Araria. Similarly the distribution of free medicines also drew a wide range of responses in different districts.

A sense of improvement in the working of the health delivery system was reported by 46.6 percent of respondents in Patna, 64.1 percent respondents in Saran, 54.2 percent respondents in Bhojpur, 53.3 percent respondents in Lakhisarai and only 15.2 percent respondents in Araria. Thus from all

the criteria adopted, the impact of the health delivery system does not seem to have made a difference in Araria but the impact of the reforms have been perceivable in the four other districts, though Patna presents a much more dismal picture than expected.

**Table 3.4 : Respondents Views about Health Delivery**

	Araria (N=120)	Bhojpur (N=120)	Saran (N=120)	Patna (N=120)	Lakhisarai (N=90)
Percentage of respondents reporting					
(a) Easy Access to Hospital for treatment					
(i) District Hospital	65 (54.2)	90 (75.0)	85 (70.8)	57 (47.5)	48 (53.3)
(ii) Additional PHC	17 (14.2)	30 (25.0)	68 (56.6)	54 (45.0)	27 (30.0)
(ii) PHC	20 (16.7)	41 (34.2)	55 (45.8)	38 (31.6)	36 (40.0)
(b) Regularity of Doctors	20 (16.7)	55 (45.8)	65 (54.1)	52 (43.3)	38 (42.2)
(c) Regular distribution of free Medicines	40 (33.3)	70 (58.3)	45 (37.5)	44 (36.6)	24 (26.6)
(d) Improvement in last one year	15 (15.2)	65 (54.2)	77 (64.1)	56 (46.6)	48 (53.3)

The health delivery system has been historically strong in Bhojpur. However, there has been a large improvement in the delivery system. The inflow of patients showed a rise due to the improved delivery system. Many of the interviewed patients expressed satisfaction with the behaviour of doctors and medical amenities provided by the health administration. PHCs function regularly. They arrange health awareness programmes. The only constraint to service delivery is the lack of basic infrastructure like electricity, toilets etc.

The health delivery system is very weak in Araria. When the research team visited the sub-divisional hospital (which has been upgraded to a district hospital), a pathetic scene was witnessed in the labour room. A poor woman was lying on the floor giving birth to a child in a room where there was no ventilation, no doctor and no nurse. When the team-leader asked the patients about the behaviour of doctors, the patient's relatives in the children's ward broke down and said, 'no body is here to take care of our child'. The hospital is cleaned only twice a week. In Forbesganj Referral Hospital, the rate of patient visit has increased a lot in two years. But this had nothing to do with a better delivery system. A good number of government doctors holding appointment in the hospital had started private practice in the hospital campus. The patients who visit the hospital are told to go to the private clinics for pathological and radiological tests. The condition of PHCs

and additional PHCs is similar to the hospitals. Most PHCs lack basic infrastructure and medical equipment. The shortage of medicines is a common phenomenon in the district.

The health delivery system has responded very positively to the reforms in Saran district. Each and every PHC works towards an efficient service delivery. Doctors maintain regularity. In every PHC and additional PHC, health awareness programmes are run regularly. The research team interviewed some patients in the PHC of Manjhi block which lies close to the UP border. Most patients in this block get all facilities from the PHC round the clock. The Health Manager maintains up to date records of medicines issued, attendance of doctors and other staff.

The PHCs in Ramgarh Chowk and Pipariya block in Lakhisarai reflect the changing picture of health delivery system. These two PHCS work very well. But most other PHCs are in a defunct condition. There is shortage of medicines and doctors in the Sadar hospital in Lakhisarai.

Surprisingly, the reforms in the Health Delivery System have had less impact in Patna district. The sub-divisional hospital in Barh was found to be in a state of disarray. Very few medicines were available on the day of the research team's visit. Electricity supply is through privatized generator services. The labour ward was found in a pitiable condition. The hospital is not cleaned regularly due to lack of sweepers. The PHC in Vikram block in Patna district also gives a grim picture about the health delivery service as it does not have its own building. It is running in the T.B. Centre run by the Central Government. The health sub-centre in Khusrupur block remained closed and respondents said that no doctors visit this centre. Maner block presented a much more positive picture with the PHC having its own building. Doctors come regularly to the PHC and patients were satisfied with the services. Apart from radiology, facilities for all clinical tests were available in the PHC.

The relative position of infrastructure in different hospitals and PHCs that were surveyed are presented in Table 3.5 below.

**Table 3.5 : Infrastructure in Hospitals and PHCs**

Hospitals/ PHCs	Doctors		Bed strength	Radiological services	Pathological services	Availability of medicines	Provision of food for the patients
	Sanctioned	Working					
<b>Patna</b>							
Sub-divisional hospital, Barh	6	3	72	YES	YES	SOME	YES
PHC, Vikram	4	2	24	NO	YES	SOME	NO
PHC, Khusrupur	4	2	6	NO	NO	NO	NO
PHC, Maner	6	5	6	NO	YES	SOME	NO
<b>Saran</b>							
Sadar Hospital, Chhapra	18	13	36	YES	YES	YES	YES
PHC, Manjhi	3	3	6	NO	YES	SOME	NO
PHC, Dighwara	4	3	6	NO	YES	SOME	NO
<b>Bhojpur</b>							
Sadar Hospital, Ara	18	18	127	YES	YES	YES	YES
PHC, Koilwar	4	3	5	NO	YES	SOME	NO
PHC, Shahpur	3	2	6	NO	YES	SOME	NO
<b>Araria</b>							
Sub-divisional hospital, Araria	—	—	30	YES	YES	SOME	YES
Referral Hospital, Forbesganj	6	4	30	YES	YES	SOME	NO
Additional PHC, Bhargama	4	3	6	NO	NO	SOME	NO
Referral hospital, Raniganj	6	6	30	NO	YES	NO	NO
<b>Lakhisarai</b>							
Sub-divisional hospital, Lakhisarai	4	2	30	NO	YES	SOME	YES
PHC, Lakhisarai	06	3	—	NO	NO	NO	NO
Referral Hospital, Barhia	10	09	30	YES	YES	SOME	NO

### 3.5 Appointment of Teachers

Teacher's appointment has taken place uniformly in all districts. In Araria, 10 percent of respondents confirmed appointment of teachers within the family in the last one year. This figure was 12.5 percent for Bhojpur, 14.1 percent for Saran, 10.1 percent for Patna and 7.5 percent for Lakhisarai. However, the process of appointment of teachers have been highly contingent on bribery, 3.3 percent of appointees in Araria reporting payment of bribe bribes for getting appointed as teachers. This figure was 20 percent for Bhojpur, 29.4 percent for Saran, 16.6 percent for Patna and 33.3 percent for Lakhisarai.



The process of teacher's appointment in Saran district has been deeply flawed. The Panchayat heads regarded this as a golden opportunity for piling up money. In this regard, Ekma block ranked highest in corruption. Those respondents who had been appointed as teachers boldly told the research team about bribes worth Rs 50,000 to Rs. 100,000 that had been paid to secure appointment. Similarly, in Raniganj block in Araria district, a Mukhiya explained to the research team the details of the bribes taken by him.

**Table 3.6 : Respondents' views about Teachers Appointment**

	Araria (N=120)	Bhojpur (N=120)	Saran (N=120)	Patna (N=120)	Lakhisarai (N=120)
Teachers appointment					
(a) Appointment of teachers in the family in last one year	12 (10.0)	15 (12.5)	17 (14.1)	12 (10.1)	9 (07.5)
(b) Given bribes for teacher's appointment	4 (33.3)	3 (20.0)	5 (29.4)	2 (16.6)	3 (33.3)

### 3.6 Functioning of Panchayati Raj Institutions (PRIs)

The functioning of PRIs in Saran was found to be better than in other districts selected for the study. Most of the Panchayat Mukhias were found concentrating on implementation of NREGP and other developmental schemes. The block in Sonapur was the only exception. The NREGP could not be implemented here as it falls under the Gandak river. The diyara land has no scope for NREGP work as explained by the villagers.

From Table 3.7, we find that in Saran and Patna, 50 percent or more respondents had knowledge of the NREGP. In Araria, Bhojpur and Lakhisarai, the percentage ranged for 33.3 to 43.3. However, only 25 percent respondents had received job cards in Saran, 23.3 percent in Patna, 22.5 percent in Bhojpur, 20.8 percent in Araria and 17.7 percent in Lakhisarai. Thus, one of the important duties of the Panchayats in running the NREGP and distributing job cards for the programme has met with only very moderate success in the six districts that have been surveyed.

The implementation of Indira Awas Yojana (IAY) has been much better in the districts. From Table 3.7 below, we can conclude that it has been highly successful in Bhojpur, followed by Patna, Saran, Lakhisarai and Araria in that order.



**Table 3.7 : Views of Respondents about Rural Development Schemes**

	Araria (N=120)	Bhojpur (N=120)	Saran (N=120)	Patna (N=120)	Lakhisarai (N=90)
NREGP					
Percentage of respondents reporting					
(a) Knowledge about the Scheme	52 (43.3)	40 (33.3)	60 (50.0)	63 (52.5)	31 (34.4)
(b) Getting job cards	25 (20.8)	27 (22.5)	30 (25.0)	28 (23.3)	16 (17.7)
IAY					
Eligibility under the Yojana	46 (38.3)	55 (45.8)	39 (32.5)	38 (31.6)	41 (45.5)
Percentage of respondents who were given houses	35 (29.2)	43 (35.8)	35 (29.1)	36 (30.0)	25 (27.8)
(i) Given full amount *	12 (34.3)	33 (76.7)	20 (57.1)	24 (66.6)	14 (56.0)
(ii) Given less amount *	23 (65.7)	10 (8.3)	15 (42.8)	12 (33.3)	11 (44.0)

\* Percentage in brackets indicate the numbers who have received houses

Based on the results reported in Table 3.8, we can conclude that the organization of Gram Vikas Shivirs have been a total failure with only a nominal number of respondents reporting organization and participation. In contrast, awareness about Self Help Groups (SHGs) was much wider. People knew about the existence of SHGs, but membership was confined to a few people. The Panchayats were also found wanting in dispute settlement within the villages. Police interference in Panchayat work was minimal. Knowledge about duties and responsibilities of PRI functionaries varied from 12.5 percent in Araria to 35.5 percent in Lakhisarai.

Overall, the functioning of Panchayati Raj Institutions paints a dismal picture in the districts. In spite of the efforts by the Government to reform the Panchayati Raj System and devolve more power to the Panchayats, they are not able to carry out satisfactorily their basic duties, like running development programmes under NREGP and IAY. Some female panchayat members were interviewed to gauge their knowledge about PRIs. Many of them were found unaware about the agenda of PRIs. Their husbands play a key role in programme implementation.

There were exceptions to the pattern in Raniganj block where the Panchayat had done exceptional work.

**Table 3.8 : Extent of Participation in Gram Panchayat Function**

	Araria (N=120)	Bhojpur (N=120)	Saran (N=120)	Patna (N=120)	Lakhisarai (N=90)
Percentage of respondents reporting					
(a) Organization of Gram Vikas Shivir	5 (4.2)	7 (5.8)	16 (13.3)	12 (10.0)	20 (22.2)
(b) Participation in Gram Vikas Shivir	4 (3.3)	5 (4.2)	10 (8.3)	12 (10.0)	15 (16.6)
(c) Awareness about SHG	45 (37.5)	30 (25.0)	39 (32.5)	38 (31.6)	12 (13.3)
(d) Member of SHG	32 (26.7)	15 (12.5)	15 (12.5)	10 (8.3)	8 (8.8)
(e) Settling disputes in villages by Panchayat	6 (5.0)	12 (10.0)	12 (10)	15 (12.5)	6 (6.6)
(f) Interference of Police of Panchayat	4 (3.3)	7 (5.7)	15 (12.5)	10 (8.3)	25 (27.7)
(g) Knowledge about duties & responsibility of PRI members	15 (12.5)	22 (18.3)	35 (29.1)	40 (33.3)	32 (35.5)

### 3.7 Functioning of District Administration

Table 3.9 presents the structure and strength of the district administration in all the districts that have been surveyed. The district administration has a standard structure and is sufficiently staffed in all districts.

**Table 3.9 : Present Strength of District**

Sl. No.	Collectorate / Sub-division	Araria	Bhojpur	Saran	Lakhisarai	Patna
1.	District Magistrate	1	1	1	1	1
2.	DDC	1	1	1	1	1
3.	Director (DRDA)	1	1	1	1	1
4.	SDO/SDM	2	3	3	1	06
6.	District Supply Officer	1	1	1	1	1
7.	OSD to DM	1	1	1	1	1
8.	District Welfare Officer	1	1	1	1	1
9.	District Education Officer	1	1	1	1	1
10.	DSE	1	1	1	1	1
11.	District Agriculture Officer	1	1	1	1	1
12.	District Transport Officer	1	1	1	1	1
13.	Treasury Officer	1	1	1	1	1
14.	Civil Surgeon	1	1	1	1	1
15.	District Statistical officer	1	1	1	1	1
16.	District Planning Officer	1	1	1	1	1

The police administration is the most visible face of the governance at the grass root level. The opinion of the people on its working varied in different districts. In Patna, 55.8 percent

respondents thought that the police were active in maintaining law and order, while this percentage was just 18.3 in Bhojpur district. However, for most respondents, the police could be contacted directly. Taking the help of MLA/Mukhiya to access the police was reported by only 10.0 percent respondents in Patna and 26.6 percent in Lakhisarai.

**Table 3.10 : Respondents Views about Police Force**

	Araria (N=120)	Bhojpur (N=120)	Saran (N=120)	Patna (N=120)	Lakhisarai (N=90)
Percentage of respondents reporting					
(a) Police active to maintain law and order	47 (39.2)	22 (18.3)	48 (40.0)	67 (55.8)	41 (45.5)
(b) Taking help of MLA/ Mukhiya to contact Police	30 (25.0)	17 (14.2)	25 (20.8)	12 (10.0)	24 (26.6)

The strength of the police administration is enumerated in Table 3.11 below. While the data at the Thana level was easier to procure, information on sanctioned and actual posts at the SP office was more difficult to come by. From Table 3.11, it is clear that most thanas and SP offices are working much below sanctioned strength.

**Table 3.11: Strength of Police Personnel**

District/ Police station	Personnel		No. of vans
	Sanctioned	Working	
<u>Patna (SP Office)</u>	—	—	—
Barh	17	15	02
Khusrupur	18	14	02
Total	35	29	04
<u>Saran (SP Office)</u>	<b>1539</b>	<b>1141</b>	—
Rasulpur	09	16	01
Manjhi	—	—	01
Total	09	16	02
<u>Araria (SP Office)</u>	<b>447</b>	<b>392</b>	<b>65</b>
Raniganj	16	09	01
Bhargama	15	06	00
Total	31	15	01
<u>Bhojpur (SP Office)</u>	—	—	—
Koilwar	17	13	01
Shahpur	19	08	01
Total	36	21	02
<u>Lakhisarai (SP Office)</u>	—	—	—
Ramgarh Chowk (Out Post)	11	06	01
Lakhisarai	18	12	01
Total	29	18	02

In Patna, both within the city and outside, the law and order situation was found to be in a bad shape. Respondents in Maner block overwhelmingly opined that there had been no change in the

law and order situation under the present political regime. In Lakhisarai district, about 30 percent of Mukhiyas are in jail either on criminal or corruption charges. The law and order situation has, however, improved in this district in recent past with the best efforts of the SP and the DSP.

In Saran, the respondents provided a feedback on the law and order situation. In Manjhi block, people were very happy with the new SP. The police administration in Araria is critically engaged in creating a better image of the police force through steps like people's counseling, taking children to school, promoting public friendly attitude etc.

Table 3.12 provides an idea of the number of FIRs, number of charge sheets filed, number of criminal cases registered and number of land dispute cases registered in last one year.

**Table 3.12 : Functioning of Police Stations**

District/ Police station	No. of FIR in last 1 year	No. Charge sheet filed in last 1 year	No. of criminal cases registered in last 1 year	No. of land dispute cases registered in last 1 year
<u>Patna (SP Office)</u>	—	—	—	—
Barh	509	147	—	—
Khusrupur	417	203	54	145
Total	926	350	54	145
<u>Saran (SP Office)</u>	<b>3953</b>	<b>2216</b>	<b>1256</b>	<b>58</b>
Rasulpur	65	45	02	61
Manjhi	129	65	11	57
Total	194	110	13	118
<u>Araria (SP Office)</u>	<b>2705</b>	<b>2616</b>	<b>827</b>	<b>1378</b>
Raniganj	354	176	60	26
Bhargama	128	60	03	72
Total	482	236	63	98
<u>Bhojpur (SP Office)</u>	<b>3548</b>	<b>1663</b>	<b>1419</b>	<b>2129</b>
Koilwar	223	105	46	76
Shahpur	210	72	13	59
Total	525	177	59	135
<u>Lakhisarai (SP Office)</u>	—	—	—	—
Ramgarh Chowk (Out Post)	41	26	21	5
Lakhisarai	498	—	—	—
Total	539	26	21	5

The above analysis clearly indicates that the impact of reforms and administrative initiatives has varied widely both among the districts and among the programmes. For an overall assessment, however, the following observations merit attention.

1. One would have assumed that Patna district would come out on top in every count as it is the seat of government. Popular perceptions are that the government functions best closest to the capital. But the findings of the survey dispelled this popular belief.
2. In spite of the reform initiatives in health, the health infrastructure was found to be very weak in most of the districts covered except for Saran, where the health reforms have worked very well.
3. Similar divergent patterns were found in the appointment of teachers, and infrastructure development. However, road works have been almost uniformly carried out except in some parts of Lakhisarai district.
4. PRI functioning and the district administration leaves a lot to be desired.
5. Thus, the impact of the reform initiatives has only been perceived very mildly at the district level.
6. Whether these reforms will translate into reality depends on how far the district administration is strengthened to carry out the reform initiatives.

## **IV. STUDY OF COMMISSIONS**

### **4.1 Common Schools System Commission**

#### Background

A huge number of children, especially of SC/ST origin, remain outside the school system in Bihar. Drop out rates are very high between Class I and Class VII. The rates are even higher for higher classes. In Class X, 80 percent of SC/ST children drop out. To tackle this problem, the state needs to create conditions to prevent drop-outs. There are problems with enrolment as well. This was the background in which the establishment of a Common Schools System Commission was regarded as the way forward to solve the problems in schooling in Bihar in cabinet meeting dated 7/8/2006 (agenda no 17).

The Common School System Commission is functioning to find ways to meet the supply side requirement in its entirety assuming that demand for schooling is already high in Bihar, of which a considerable part currently remains unmet. Three steps are vital in the study of supply side provisions:

1. There is a stipulation that Primary Schools should be within a radius of 1 km from the student's residence. For Middle School, this distance is 3 kms and for secondary and Senior Secondary Schools, it is 5 kms.
2. Defining the facilities and setting norms to impart quality education in all schools.
3. Defining the quality and number of teachers at each level of study.

The question of equality is fundamental to the idea of 'commonality' in the school system. Earlier, the Government did not really care. Schools were few and of low quality. Private schools entered the arena to cater to this demand. Thus the schooling system operates on the built-in inequality of the social system. However, according to Article 24A of the Constitution, free and compulsory primary education between the age of 6 and 14 is a fundamental right. To change the situation of inequity and to operationalise the right, the concept of 'neighbourhood schools' catering to a 'poshak kshetra' is being formulated by the Commission.

A Commission was chosen as the way forward and a great deal of vision, background knowledge and meticulous and detailed planning was required for the exercise. Functionaries in education are closely wedded to the existing system. A Commission consisting of leading educationists equipped with the latest theories and concepts was the best way forward. The Commission has been kept small and allowed to work quietly without the usual witnesses and public hearings according to the wishes of its members.

The Common Schools System Commission was formed under the chairmanship of Professor Muchkund Dubey with the aim of ensuring that all children had access to quality education, to ensure equity in the school education system and social justice. The principle would be based on 'neighbourhood schools'.

### Terms of Reference

1. A full-scale study of the existing school system including government, non-government, private and other types of schools and structure of different education systems and the facilities available in each system.
2. Evaluation of norms and standards to ensure equitable and quality education system for all children and estimation of the necessary financial liabilities such that all children in a neighbourhood gain admission and get access to quality education.
3. Design of the structure of the common school system to guarantee the fundamental right of children to free and compulsory education under Article 21 A of the constitution.
4. Plan to introduce a common school system in the state
5. In the design of the common school system, a pace setting role should be assigned to Gandhiji's 'Basic Schools' (Buniyadi Vidyalaya) and the Ideal Schools (Adarsh Vidyalaya) proposed in District Headquarters.
6. Study of teachers' training programmes available and working in the state and study of their syllabi for recommendations of modifications to suit the common school system.

### Work of the Commission

The Common Schools System Commission was formed with the aim of ensuring that all children had access to quality education, to ensure equity in the school education system and social justice. The principle would be based on 'neighbourhood schools'. The Commission is nearly over and the first draft of the Report is ready. The recommendation on model schools has been prepared. The cost of implementing the Common School System has been estimated. A legislation on the Right to Education has been drafted. The schedule is meant to implement Article 24A of the constitution as the key norm and standard and thus making it a part of the legal binding of the state. The recommendations on particular aspects of schooling systems have been prepared.

One key recommendation is to reduce the existing 13 types of schools in the state to 3 types of schools. Once completed, the outcome from this exercise will be a complete blueprint for setting up a common school system for 6 to 14 year olds based on rationality and simplicity as the guiding principles. The biggest problem is funding. The envisaged system will require on an



average Rs. 10,000 crore additional funding every year. However, as the study of school systems in Scandinavian countries, France and Germany show - no country has grown without creating a strong system of common schools.

Bihar has the lowest number of private schools – only 5 percent enrolment is in private schools. At the secondary level, the number of private schools is 9.5 percent. However, only 0.4 percent of elementary schools are private. The proposal is not do away with private schools, but the state will reimburse the private sector, based on calculations of costs per child. Thus education will be free at the point of delivery.

A political will has been shown in developing a Common School System. The Chief Minister is very keen on the work. The main barrier to implementation will be finding the resources to garner the additional expense of Rs 10,000 crore, while the current levels of spending on education is only about Rs. 6500 crore. Here, the Central Government and other agencies have an important role to play.

## **4.2 Land Reforms Commission**

### Background

Bihar continues to be prone to rural unrest commonly termed ‘naxalism’ which has its roots in agrarian relations. The spectacular progress in agriculture in West Bengal after the success of ‘Operation Barga’ in the late 1970s and early 1980s has prompted the ruling coalition to look at ways of rearrangement of antiquated feudal relations to unleash the full potential in agriculture. This will also create a base for development of the secondary sector.

### Terms of Reference

With these factors in mind, a Land Reforms Commission was constituted in June 2006 with Mr D. Bandopadhyay, one of the key architects of ‘Operation Barga’ in West Bengal as chair-person. The Commission had been constituted by the state government to implement comprehensive reform measures. (16/06/2006, letter no./bhu. Su. – 12/2006). The Commission has to give its recommendation on the following points:

- a) All matters relating to land like, land ceiling, prevention of fragmentation and consolidation, re-survey of land, occupancy-tenancy rights from the point of view of relevance of existing laws and examining their effectiveness and recommend comprehensive reform measures
- b) To analyse the issue of rural unrest in the context of land related disputes and recommend remedial measures
- c) Implementation of Bihar Bhudan Act, 1954 and examine the reasons of the failure to achieve the targets and purpose of the act
- d) Focusing mainly on the rights and interests of the small and marginal farmers, to examine the impact and feasibility of contract/cooperative farming and recommend comprehensive constitutional measures for its de-regularisation
- e) Give recommendations for speedy modernization and maintenance of land records
- f) To suggest measures and means of speedy settlement of land related disputes
- g) To recommend measures to prevent illegal use /encroachment of public property and recommend its usage in public interest
- h) Recommend measures for de-regularisation of estates and its effective usage in public interest
- i) Any other subject which the state government would deem necessary to give to the Commission (16/06/2006, gyapank 8/bhu. Su-12/2006)

#### Areas of Enquiry

According to the department of Revenue and Land Reform, the major aims are:

1. Updating and computerization of Land records
2. Distribution of land donated under Bhudan Act and acquired under Land Ceiling Act among Weaker Sections of the Society
3. Distribution of Homestead land among landless
4. Revival and effective implementation of Land Consolidation Programme
5. Drive has been launched for disposal of land dispute cases. 12,21,856 cases have been disposed)
6. Revision of old and archaic laws like the Bihar Tenancy Act 1860

The tenure of the Commission was for a year upto June 2007. However, the work of the Commission is not yet complete. So far, the Commission has held 10 public hearings (jan sunwai) in 10 districts which are considered trouble spots in terms of agrarian unrest. These are Jehanabad, Jamui, Gopalganj, Madhubani, West Champaran, Katihar, Begusarai, Arrah and Patna Dehat.

The literature on agrarian relations in Bihar is dated. There has not been any substantial work since the 1970s. The Commission has appointed the Asian Development Research Institute to do a secondary literature survey and a detailed study of 12 villages based on field data. The main issues that have emerged as cause for concern are:

1. Existence of large volumes of land above the ceiling limits held under ‘benami’.
2. Wide prevalence of ‘bataidari’ (sharecropping) without any legal provision for it.
3. 6.5 lakh acres of land were donated under Bhudaan out of which only 3.5 lakh acres have been distributed. There is no trace of the rest of the records.
4. The mafia rule over a large extend of diyara land that deprives regular tenants from cultivating the land
5. All issues in agrarian relations that have a direct effect on agricultural production affecting technical factors.

The Commission is yet to deliver its report. The outcome of the recommendations cannot be pre-judged, but it will provide a consolidated account of factual evidence related to agrarian relations in Bihar.

### **4.3 Administrative Reforms Commission**

#### Background and Terms of Reference

The State Government constituted the “Bihar State Administrative Reforms Commission” on 07.01.2006 with the objective of establishing a responsible, sensitive, transparent, proactive and effective administrative system under the chairmanship of Mr. V.S. Dubey. The Commission was requested to give its recommendation, besides others, specially on the following points:

1. Amendment in the rules of Executive Business. The rules of Executive Business were framed separately for each state under Article 161 of the Indian Constitution. These were

framed right after independence and many of the rules may have outlived their utility in 60 years.

2. Restructuring of Bihar Government Departments and their amalgamation restructuring and creation of administrative units under state government. There were 48 departments in the state government. Some of the departments have no relevance anymore while new departments have emerged in importance like environment and technology.
3. Decentralisation and Reorganisation of administrative and financial powers of State Government's administrative departments/units. The Commission has to consider whether the existing five levels of administration need to be reorganized.
4. Restructuring and strengthening of various state government undertakings and state government's funded institutions/units. The Commission has to propose ways in which the accumulated losses of PSUs can be brought down and if necessary, the PSUs may be closed.
5. Study and analyse the laws and rules formed by the state and recommend reform/amendments in them in order to make financial management of the state government more effective, transparent and easy.
6. Study and analyse and recommend changes and amendments in the rules, intervention and other given procedures of the technical departments to facilitate their restructuring and strengthening.
7. Recommend required amendments in the area of personnel management, promotions and pensions and also to make suggestions regarding time management of the senior bureaucrats so that they can devote more time to policy making and planning.
8. Give recommendation to make police administration people friendly, effective and dynamic which would contain subjects like separation of criminal investigation from law & order, intelligence collection and strengthening of system of criminal investigation.
9. Give recommendations regarding use of e-governance and information technology
10. Any other issue which the state government would give to the commission.

## Recommendations

The Commission is an independent body comprising of people who have experience of administration. The members of the commission are experts in their own fields covering the legal and administrative arenas. The ARC submitted its first report in May-June 2006. The total number of recommendations was more than 300. This covered up to 10-15% of its terms of reference. A summary of main recommendations given so far is stated below:

1. Reconstitution of the departments without negatively effecting the efficiency of the state government in such a way as to increase the work efficiency, curb the unnecessary expenditure and sufficient resources could be generated for development plans
2. Bringing together works of a particular and associated kind under one department so that work execution becomes convenient
3. Merger of the departments which have become unnecessary or whose responsibility have decreased with other departments
4. Classification and distribution of works in such a way that there is an equi-proportionate distribution of work load among all the departments
5. Maintaining an analogy of the state departments with the central government's departments to facilitate identification and speedy disposal of the contexts received from the central government
6. Ensuring that the number of reconstituted departments does not exceed the limit set by law on the number of ministerial berths in the cabinet i.e 36. Hence the recommendation to reduce the number of departments from 47 to 36
7. Screening of the officers to be posted in the Vigilance Investigation Department and to ensure that only such officers are posted in the department whose integrity is beyond any doubt, who have expertise in investigative works, and who are well behaved, hardworking, impartial and fearless
8. Strengthening the vigilance department by posting 4 S.Ps and 8 DSPs/specially empowered inspectors in the headquarters and provide them with the necessary resources/facilities so as to increase the speed of the investigative works

9. Increase in the number of vigilance court to facilitate speedy disposal of cases. It was proposed that at least one vigilance court be established in each of the six divisions which would act as full time vigilance court for disposal of all the vigilance cases filed in those divisions
10. Posting of a S.P rank officer in the divisional headquarters who would be the officer in charge of all the vigilance cases registered in that division. At least 4 DSPs /specially deputed Inspectors be posted to assist him in his duties, and required vehicles and facilities should be provided to enable them to effectively carry out their duties
11. Creation of at least one post each of legal expert and of financial expert in the vigilance department. Besides a panel of legal experts and financial experts could be made available to the bureau to help in the investigations
12. Appointment of the officers in charge of the internal vigilance sections of various departments to be done in consultation with the Chief Vigilance Commissioner. Also that the CVC should have the authority to seek reports from these sections and also oversee their functioning in order to ensure that no employee is either unnecessarily protected or harassed
13. State Government should constitute immediately State Vigilance Commission Act on the pattern of Central Vigilance Commission Act, which besides other points should have a provision in it that no criminal cases can be brought against officers of certain grades for acts committed by them in the process of discharge of their duties without prior sanction by the state government. A list of such protected officers may be prepared on the pattern of CVC act, 2003, Article 6. A permanent committee headed by a sitting/retired judge of the High Court and Chief Secretary, DGP and a Chief-Engineer as members should be put into place to make an impartial enquiry to ascertain if there is a basis of a criminal case on a first look
14. No arrests should be made under the charges of criminal cases registered during the discharge of official duties till a charge sheet in the concerned case is not filed and till the state government does not give permission for his/her prosecution
15. Constitution of a permanent committee headed by the member, Revenue Board and having Secretary, Personnel and Training and departmental secretaries as permanent members which would have the responsibility to undertake a 6 monthly appraisal of all the gazetted

officers and report to the state government on a regular basis such officers who in the views of the committee are not fit to be in government service

16. Utilisation of the Bihar Service Code rule 74(Ka) and 74(Kha) (11) to retire inefficient, miss-behaving, and corrupt officials on a mass scale so that administration can become clean, dynamic and result-oriented
17. Reorganisation and reinvigoration of the Police Construction Corporation in such a way that it delivers to the infrastructural demands of the policing system. It was recommended that the corporation be made available an investment capital of at least 10 crores, and at least 45-50 crores of funds/equivalent amount of work under police modernization plan per annum
18. Reinvigoration of the State Administrative Tribunal so that most of the service related cases are disposed off at the level of tribunal only. This while ensuring speedy deliverance of reprieve and justice to the government employees, would also relieve the courts of the heavy burden of these cases
19. Dissolution of the Bihar State Hindi Progress Committee
20. Closing down the Small Savings and the Lottery department and to subsume the functions of this department under finance department
21. Closing the two state printing presses, one at Guljar Bagh, Patna and the other one at Gaya which are incurring losses and have outdated technology
22. Creation of a high powered directorate of internal auditing organization which should be headed by a Commissioner ranked officer, and also to create additional 500 posts in the Audit Department to facilitate an effective internal auditing, at least once in two years or three years, of all the 25000 state government offices
23. Liquidation and closure of the Public Enterprise Bureau
24. Restructuring the health services to make it better and less expensive it has been suggested that as far as possible diagnostic, radiological and pathological services be contracted from the outside sources on fixed rates
25. Cleanliness and hygiene services be given on contract to the private sector
26. Certain fixed proportion of beds in the medical colleges and hospital be converted to pay seats. Patients admitted on these seats be charged for all the services at the market rate



27. Speedy internalization of all the 29 subjects on which panchayats have been given the right of self governance. Further, following works be handed over to the panchayats with immediate effect (a) Settlement of the panchayat level estates, (b) all registration works concerning births, deaths and marriages, (c) issuing of Caste certificates, (d) repair and maintenance of hand pumps, and (e) all works relating to rural hygiene and drinking water availability

#### Measures regarding plan schemes

1. All the nirman and non-nirman plan schemes accepted by the cabinet do not need a new sanction of the finance department and the cabinet for their period-extension if proper provisions are there in the budget of their department
2. Departments can give sanction to all the new schemes which fall within the range of 10 crores, for which they do not need to seek prior sanction from finance department, planning department and the cabinet
3. All the plans with an outlay greater than 10 crores but less than 20 crores to be accepted when the finance department approves it after consideration of the minister of the concerned department.
4. All new plan schemes having an outlay greater than 20 crores would need approval of the cabinet.

#### Measures regarding non-plan schemes

1. New non-plan schemes having an outlay of less than 5 crores can be accepted by the department itself given budgetary provisions have been made in the department for it.
2. For new non-plan schemes having an outlay greater than 5 crores, sanction of the cabinet would be required.

The government has implemented about 25 percent of the recommendations made so far. Devolution of financial powers for sanctioning schemes has been implemented at the departmental level. This has been the biggest impact of the Administrative Reforms Commission. The recommendations pertaining to reorganization of government departments and state owned public

sector units are politically more difficult to implement because of resistance from within the departments. Instead of bringing down the number of departments in government from 48 to 33 as stipulated by the Commission, the number of departments has been brought down to just 43 by the present government. The second report of the Commission which will be out very soon is going to be on Police and Jail Reforms.

#### **4.4 Farmer's Commission**

Bihar Farmer's Commission, under the chairmanship of Mr. Ramadhar, has been entrusted with the task of studying and analyzing the problems of Bihar farmers and of suggesting suitable measures to redress these problems with a view to enhancing the income and welfare of the farmers.

The day to day problems of farmers are handled by the Agricultural Department as well as other departments like Rural Development and Irrigation. Issues of poverty and on - and off-farm employment are related to the day to day problems of farmers. But there has been no attempt so far to look at problems in a holistic manner. The Farmer's Commission was established to look at problems of farmers in an integrated manner. The Chairperson, Shri Ramadhar is the only resident-Chairperson of a Commission. There is a National Commission on Farmers but agriculture being a state subject, a Farmer's Commission at the level of the State should be more effective.

#### Terms of Reference and Scope of Work

The terms of reference are still not final. However, the proposal before the government by the Commission is as follows: it proposes to take up the task of studying and analyzing the problems of Bihar farmers and of suggesting suitable measures to redress these problems with a view to enhancing the income and welfare of farmers. This is relevant in a situation where farmers are entrenched in money and credit relations with moneylenders. Just 20 percent of farmers are covered by Kisan Credit Card against 40 percent in India. Only 3 percent of farmers are covered by crop insurance against 11 percent in the whole country. Most farmers are heavily reliant on moneylenders.

The Commission enjoys autonomy, unhindered by day to day bureaucratic file pushing and red-tapism in principle. It also has the advantage of being guided by Farmer's perceptions rather than text-book principles.

Among the problems that farmers face and which the Commission has identified for detailed study and analysis, the main ones are: non-availability of critical agricultural inputs (fertilizers, seeds and pesticides), difficulties in obtaining loans from institutional sources, lack of assured irrigation, non-coverage by crop-insurance, unremunerative prices of farm produce, lack of marketing, value addition and processing facilities, absence of awareness among farmers of Government programmes and of the modern and improved agricultural technology.

This will result in recommendations to the government for their consideration and decision. Some deliberations are also in the public domain through the media.

## **V. CONCLUSION**

The present ruling combine in the state represents a coalition of extremes. The development agenda is the only lubricant that holds this coalition together. In spite of challenges even from within, the government has stuck to the development agenda.

We have examined ten areas of reforms undertaken by the present government. The reforms adopted by the present government can be classified into distinct categories. The categories that we have identified are as follows:

Minimal Functioning of the State: This is observed in the state's attempts at overall fiscal management to consolidate and reduce the debt burden and enhance plan and capital expenditure.

Agricultural Growth: Efforts have been made by the present government to cater to both the social and technical needs of agriculture through a plethora of measures. These entail appointment of the Land Reforms Commission to address the social base of agriculture and the Farmer's Commission to address the technical base of agriculture. Further, the Agricultural Produce Marketing Committee (APMC) Act has been repealed and a New Agricultural Policy adopted in its place.

These measures in agriculture are very specific to Bihar and have come at a time when nationally agriculture has been a neglected subject.

The abolition of APMCs appears to be a hasty move. This reform act was like throwing the baby of infrastructural support for agricultural marketing out with the bathwater. The need for a coordinating agency for marketing is all the more pressing as different government departments control different aspects of activities linked to farming – irrigation under the irrigation department, credit under the co-operative department, roads under the rural development department, so on and so forth. The time today is ripe in Bihar to revive the concept of synergies integrated marketing. In this respect, abolition of APMCs without designing an alternative is a reform effort that makes very little sense.

The New Agricultural Policy is one area in which a totally Bihar-centric growth model has been adopted. This has been primarily focused on the needs of the government's traditional support base among the agrarian elite. The series of measures enumerated above can provide an elaborate technical and institutional fillip to agriculture provided there is concomitant public investment in irrigation, an aspect that has not received the focus it deserves.

Industrial Growth: The Industrial Incentive Policy is a standard package of concessions with substantial incentives to encourage new investments, in the line of the policies pursued by more developed states. The likelihood of this policy to significantly change the industrial landscape in Bihar is not very high. The reasons for non-industrialisation in Bihar are complex and had to do more with national policy for sixty years or more. Thus the problem of industrialisation cannot be solved by a one-time incentive policy at the level of the state.

Growth in Human Development: The third area of focus has been growth in human development. For transitional economies today, this is considered to be a vital aspect of investment. Accordingly, this government has prioritized education and health as two areas in which service delivery has to be spruced up through a series of reform initiatives. One important measure has been the recruitment of teachers to bring the pupil teacher ratio in the state close to 40:1 which is the desired norm. We have reviewed the process of appointment of teachers in this report along

with other reforms in education. We have also presented an extended section on the plethora of measures undertaken in the health sector.

In carrying out the reforms in the education sector, significant thought has been given to ways of augmenting the quality of education in the state. The appointment of teachers was one part of this consolidated vision. However, within this vision, there remained several lacunae as the government failed to gauge the possibility of bribery and corruption in the process of appointment of teachers at the Panchayat level. On the whole, the reforms in the health sector cover every aspect of health infrastructure, personnel, finance and delivery mechanisms. These have been systematically planned at the Cabinet level, indicating the thoroughness of reform agenda.

Infrastructure Development: The next important area of attention has been on basic infrastructure development. The efforts have been most visible in road construction. There is also a series of initiatives planned in the power sector. We have provided separate reviews of these two sectors.

If there is one programme that distinguishes this government from all previous ones, it is the alacrity with which the road building exercise is being pursued across the state. The programme has been successful in its conception and execution. The main idea was to connect all habitats to the district headquarters. This idea guided the works of the Rural Works Department. The repair, maintenance and upgradation of state and national highways and major district roads to provide basic infrastructure guided the vision of the Road Construction department. Together, the two departments have contributed to a huge road building project all over the state.

The power sector is in a grim shape in Bihar. Under the circumstances described above, the most urgent task is to strengthen the BSEB rather than breaking it up into smaller units that would still run up huge losses. Thus the reforms in this sector seem to be more influenced by joining the bandwagon of national ‘power reforms’ without considering the specific problem of the state.

Empowerment: The last agenda carried by this government has been one of empowerment of the marginalized classes. The ways of achieving this at the level of functioning of the Panchayati Raj Institutions (PRIs) is included in our study.

The main difference that this government has made is to ensure a work culture by asking for results and ensuring an environment where top ranking officials are not working under undue influence or pressure. There is a sense of empowerment among officers. This difference has come due to the quality of leadership of the present government.

However, this has not trickled down to the district and Panchayat levels in spite of the wide scale implementation of the new reservation policy. There are also gaps between intention and actual capacity. For example, Panchayat members are not aware of their roles and responsibilities as PRI functionaries. Thus, the initiatives to empower PRIs are just the beginning of a very long process of progressive devolution of power. This runs the risk of just being used as a political subsidy by the ruling government with true devolution remaining a distant dream.

Impact of Reforms at Grass-root Level: In the second part of the report, we have provided an assessment of the impact of economic reforms in five districts in Bihar based on an extensive field survey. The purpose of the survey was to obtain data on the functioning of the present administration. The key enquiry was to see how the different district administrations are functioning, as one goes increasingly further from Patna, the seat of governance.

The report of the survey clearly indicates that the impact of reforms and administrative initiatives has varied widely both among the districts and among the programmes. For an overall assessment, however, the following observations merit attention.

- One would have assumed that Patna district would come out on top in every count as it is the seat of government. Popular perceptions are that the government functions best closest to the capital. But the findings of the survey dispelled this popular belief.
- In spite of the reform initiatives in health, the health infrastructure was found to be very weak in most of the districts covered except for Saran, where the health reforms have worked very well.
- Similar divergent patterns were found in the appointment of teachers, and infrastructure development. However, road works have been almost uniformly carried out except in some parts of Lakhisarai district.
- PRI functioning and the district administration leaves a lot to be desired.

Thus, the impact of the reform initiatives has only been perceived very mildly at the district level. Whether these reforms will translate into reality depends on how far the district administration is strengthened to carry out the reform initiatives.

Policy Exercise by Specialised Commissions: The last section of the report presents a detailed study of the four important Commissions set up by the present government. These are the Common Schools System Commission, the Land Reforms Commission, the Administrative Reforms Commission and the Farmer's Commission. All the Commissions have very clearly defined Terms of Reference, except the Farmer's Commission which is supposed to look into the day to day problems faced by farmers.

The Common Schools System Commission is an effort by the government to find the norms, standards and mechanisms to constitute a school system in the state that will be based on equality. The Administrative Reforms Commission has the difficult task of advising the government on a total re-hauling of the administrative system to make it more respondent to changing times. The Land Reforms Commission has been set up in keeping with this government's prioritization of agriculture. The Commission will suggest ways to improve the institutional conditions that affect land holding and agriculture. The Farmer's Commission is supposed to take up all other issues that affect farmers on a daily basis.

The Common Schools System Commission is ready with its draft report. The Administrative Reforms Commission has also submitted the first part of its report. The other two Commissions are still working and are yet to produce any reports.

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The Asian Development Research Institute (ADRI) Society was established and registered by a group of social scientists in 1991. The motivation for starting yet another Institute in Patna was not merely to expand social science research, but to lend it a distinct development orientation and deliver all research output to its potential users in a demystified form. In this research perspective, the broad objectives of ADRI Society are:

- ✎ to undertake academic research of direct relevance to development efforts made by an individual or a group or the community itself;
- ✎ to broaden the database of research as also of its end use by involving as many classes of persons and institutions as possible;
- ✎ to offer research results in a more innovative, demystified and useworthy form; and finally
- ✎ to restore man to his central position in social research in totality and with full dignity.