

GOVERNANCE AND POLITICAL ENTREPRENEURSHIP IN INDIA: CASE
STUDIES OF GUJARAT AND BIHAR

by

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DEDICATION

This dissertation is dedicated to my grandparents, Dr. O.S. Dewal and Mrs. Rama Dewal, and Thakur Prithvi Singh Bhada and Mrs. Shobha Bhada.

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LIST OF ABBREVIATIONS

Bhartiya Janata Party	BJP
Rashtriya Janata Dal	RJD
Janata Dal United.....	JDU
Aam Aadmi Party	AAP
Indian National Congress.....	INC
Chief Minister	CM
Prime Minister	PM
Member of Legislative Assembly	MLA
Member of Parliament	MP
Scheduled Caste	SC
Scheduled Tribe	ST
Other Backward Class.....	OBC
Rashtriya Swayamsevak Sangh	RSS
Vishwa Hindu Parishad.....	VHP
Gross State Domestic Product	GSDP

ABSTRACT

GOVERNANCE AND POLITICAL ENTREPRENEURSHIP IN INDIA: CASE STUDIES OF GUJARAT AND BIHAR

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Dissertation Director: Dr. Hilton L. Root

Can leaders move beyond religion and caste politics to focus on good governance? Is there any link between good governance and political entrepreneurship? In India, Gujarat and Bihar are perceived as states that focus on development and improving governance. This dissertation explores changes in governance and electoral politics in these states over the last decade. Using mixed methods, this study examines how leaders in these states created winning coalitions and achieved electoral victories. It examines whether Gujarat's Narendra Modi and Bihar's Nitish Kumar can be termed political entrepreneurs based on a threefold criteria of innovations in (i) policy making, (ii) brand building and (iii) creating electorates.

CHAPTER 1. INTRODUCTION

In any society the quality of governance has a substantial impact on the lives that people lead and what they can do and achieve. In most democracies and developing countries the quality of governance leaves much to be desired. In policy making this leads one to look at how the incentive structure is shaping the decisions made by leaders in different countries and regions. More specifically, when does good governance become a winning strategy as opposed to rewarding a small select coalition on the basis of caste or religion in order to maintain power? And if the ruling elite do make reforms a criteria for campaign then how do the leaders make credible commitments to reforms in regions that are largely lawless? Besides environmental conditions and voter demands, there may be a role for political entrepreneurs in this policy space.

I study two states in India, Gujarat and Bihar in this context. The aspect that repeatedly comes up in media and policy debates is how the leaders of these states, Nitish Kumar and Narendra Modi, have turned Bihar around and improved Gujarat respectively. States like Uttar Pradesh and Jharkhand, which neighbor Bihar and have economic conditions not dissimilar to it, have lagged behind and continue to be mired in the same problems that characterized Bihar not too long ago. Bihar was once a criminal fiefdom but has undertaken progressive reforms that have changed the conversation about the

state. On the other hand, the state of Gujarat has always been prosperous but the last decade put it on the forefront due to its reputation for good governance and a business friendly environment. The issue of how the two leaders, Nitish Kumar and Narendra Modi, have turned Bihar around and developed Gujarat respectively has been debated in media and policy debates. There has been increasing focus on the scope and cause of the seeming transformation in governance in these states, and whether this change was a regional phenomenon or could it be replicated in other parts of India.

This dissertation looks at such questions in the context of the administrative and issue space in India using qualitative evidence gathered from field visits, interviews and analysis of textual data, supported by statistical data on selected indicators. Gujarat and Bihar provide two timely studies. The link between good governance and the role of a political entrepreneur is one that has not been sufficiently explored, particularly in the context of India. This dissertation looks at the concept of good governance as a strategy for winning elections, moving beyond its commonly understood role as a precursor for growth and development. The purpose of undertaking these case studies is to examine conditions through which good governance becomes a winning strategy for political leaders and whether particular attributes among political actors are needed to be able to identify the need for, and implement good governance related policies. This dissertation examines the role of political entrepreneurship in engineering electoral victories and makes the case that a large part of the narrative pertaining to the improvements in governance in the states are a result of the actions of political entrepreneurs that came to

power in these states. Kumar and Modi were newsmakers for their dynamic leadership and for being harbingers of reforms. And more than anything, this perception became a part of their brand-image and a way of selling themselves to the voters. Being regional power players initially, both Kumar and Modi generated national interest and popularity, based not on familial political legacy, but on the basis of issues and by seemingly doing what is expected from political leaders, govern and govern well. In contrast, to-the-manor-born political heirs like Rahul Gandhi, current face of the Congress Party, and Arvind Kejriwal of Aam Aadmi Party (AAP), who also sought to portray themselves as the voice of young, modern India failed to substantiate their presence with concrete results. No side in politics is immune from the vagaries of political perceptions and alliances. If Rahul Gandhi is viewed as lacking sufficient experience, Modi's track record on minority issues and protection is far from perfect. Nitish Kumar still does not have a substantial political backing, with his party having a small national presence and still dependent on coalitions and alliances to make up numbers in his home state. But regional game changers cannot be ignored. Narendra Modi evolved from being a state's Chief Minister (CM) to the Prime Minister (PM) of India. And following that victory was the subsequent reality check, when the regional power alliance recently created by Nitish Kumar and Lalu Prasad Yadav was able to defeat BJP's ambitions in the Bihar state elections in October 2015 was. It is clear that despite the continuing conversation of vote banks, good governance and the presence of political entrepreneurs will have a significant role in the political economy of India going ahead. This dissertation examines such issues in greater detail.

The structure of the dissertation is as follows. In Chapter 2, I provide a review of literature on the concepts of good governance, political entrepreneurship and the economic and political background of India in recent decades. I then provide an outline of the research design and methodology, the interview subjects and area visits in Chapter 3. In Chapter 4, I provide the background on politics in Gujarat and Bihar and trace the political journey of Narendra Modi and Nitish Kumar. I examine how they created and innovated in engineering their electorates, which is one of the criteria for being a successful political entrepreneur. Chapter 5 and 6 provide the analysis of macro indicators and policy innovations undertaken by the two leaders, examining innovations in policy making and innovations in building their personal brand. These chapters also outline recent developments in each state and finally examine the propositions, as laid out in Chapter 3, in the context of each state based on the evidence from stakeholder interviews, literature, media reports, and government data. Chapter 7 serves as a conclusion for my thesis and provides an understanding of the cases when viewed through selectorate theory. It also lays out some of the limitations of this study, and the way forward.

CHAPTER 2. REVIEW OF LITERATURE AND THEORETICAL CONCEPTS

This chapter explores the existing literature on institutional economics, good governance, and political entrepreneurship, areas that form the theoretical basis for this dissertation. I argue that there are some conceptual gaps in the literature and methodological weaknesses in using these concepts for effective policy making. I expand on some of the known literature on good governance and explain an analysis of the cases of Gujarat and Bihar can add to our understanding of good governance in the context of developing nations and policies and decisions made by leaders.

One of the themes explored in this dissertation is how political institutions shape the goals of some leaders to produce growth, good governance, prosperity, while for others institutional arrangements lead to actions and choices ending in war, poverty, and stagnation. This builds on the work of Bruce Bueno de Mesquita. As De Mesquita et al put it, “Human history is a mix of evolutionary change, punctuated with revolutions”. Thus I look at institutions and polity as complex systems and the stability of networks that support candidates. I then analyze two cases from India, Gujarat and Bihar under the leadership of Narendra Modi and Nitish Kumar and the networks that they created around themselves. Thus research in specific areas like Gujarat and Bihar can be used to develop

a broader understanding of phenomena related to global development like institutions, political networks, governance and role of leadership

2.1 Good Governance

The concepts of governance, and further, what we understand as “good governance” can be subjective and indeterminate, changing with time, place and purpose. They can describe various accounts of how public institutions ought to conduct public affairs and manage public resources, on grounds that they are thought to be conducive to economic ends such as the eradication of poverty and successful economic development. Thus there may be some argument when people use the term good governance and what they mean by it given that different organizations have defined governance and good governance to promote different normative ends.

One definition of governance comes from Bevir, who views it as "all processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory and whether through laws, norms, power or language" (Bevir, 2013). The World Bank defines governance as: “the manner in which power is exercised in the management of a country's economic and social resources for development.” (World Bank, 1991). And the Worldwide Governance Indicators project of the World Bank defines governance as: “the traditions and institutions by which authority in a country is exercised” (World Bank, 2006). Good governance is a public good and is vital to ensure economic development in the true

sense. Beyond the benefit, however, it is also an oft-used buzzword for public leaders. Therefore it is essential to examine this concept in theory and practice.

Good Governance and Selectorate Theory: In the *Logic of Political Survival* (2009) as well as *Dictator's Handbook* (2011) Bueno De Mesquita et al argue that a larger winning coalition and an increasing selectorate lead to provision of more public goods. Therefore, improving governance can be understood as a process that involves moving away from the provision of private goods and rents that keep a small winning coalition happy; towards the provision of more public goods that benefit the much larger winning coalition or the selectorate. According to Bueno De Mesquita et al, “first, politics is about getting and keeping political power. It is not about the general welfare of “we, the people. Second, political survival is best assured by depending on few people to attain and retain office” (Bueno de Mesquita et al, 2011). They state that “starting from this single point: the self-interested calculations and actions of rulers are the driving force of all politics.” (Bueno de Mesquita et al, 2011). They assert that leaders govern based on how they can come to power and maintain that power and control on revenue and finances. The Selectorate Theory outlined by the authors identifies three kinds of supporters for any political leader- the *nominal selectorate*, the *real selectorate* and the *winning coalition*. According to the authors “fundamentally, the nominal selectorate is the pool of potential support for a leader; the real selectorate includes those whose support is truly influential; and the winning coalition extends only to those essential supporters without whom the leader would be finished. A simple way to think of these

groups is: *interchangeables, influentials, and essentials.*” (Bueno de Mesquita et al, 2011, p. 5)

In the political sphere, buying loyalty is difficult, especially for first time elected leaders. Ambitious challengers still need to grab control of the state apparatus, reward supporters, and eliminate rivals. There are examples across history where leaders try to broaden the selectorate but limit the winning coalition. And they have to be sure to pay for that support and not alienate members, or at least have enough power to replace them. Incumbents may have an advantage but if they take the wrong steps, challengers can rise up to throw them off. In each case leaders try to do what’s needed to secure the winning coalition’s support and not simply what seems like good public policy. In a democracy, “challengers succeed when they offer better rewards than the government. Given that there are so many that need rewarding, this means coming up with better or at least more popular public policies. Unfortunately, because it is easy to erode the support of the incumbent’s coalition, it remains difficult for the challenger to pay off supporters.” (Bueno de Mesquita et al, 2011, p. 42). Using selectorate theory as a base framework, I was motivated to study governance in India and to understand if politically entrepreneurial leaders can impact the provision of public goods, based on their vision and their innovative actions. I explore where the leaders of Gujarat and Bihar, Modi and Nitish Kumar fall in this criteria. In selecting Gujarat and Bihar as the case study states in this dissertation I was motivated by Atul Kohli’s (1991) work on the crisis of governability in India, where Gujarat and Bihar were among the states discussed. This

dissertation goes back to these two states and looks at governance of Gujarat and Bihar over the last decade.

In the case of Gujarat and Bihar, the so-called *interchangeables* are the adult voting population of the state. What I identify are the *influentials* and the so-called *essentials*, without whose support Narendra Modi or Nitish Kumar could not even have hoped to survive or form a government. These can be coalition partners, key Members of the Legislative Assembly (MLAs) or Members of Parliament (MPs) with considerable clout. Based on selectorate theory, one needs to note how and where these leaders are spending the public money? Was it the case that Modi and Kumar increased public expenditure, as opposed to buying the support of a few cronies? There are differences in the way the leaders in the two case study states address good governance. Modi's rhetoric about good governance incorporates ease of doing business, rise of new businesses and emerging industries, targeted schemes for specific underprivileged demographic groups (like the girl child, tribal people, residents of the Kutch area, rural population etc.) and making government more efficient. Kumar, on the other hand, characterizes good governance in terms of improving the dismal law and order situation of the state, reducing institutionalized crime and corruption and making the police more powerful and effective. He also equates *sushaasan* (good governance) with improved physical infrastructure like roads and bridges, and improved law and order.

2.1.1 Indicators of Good Governance

Similar to the variety in definitions, there are also a number of categories and indicators that can be used to describe and measure the quality of governance. The World Bank indicators of good governance are widely used, these are – i) Voice and Accountability, ii) Political Stability and Absence of Violence, iii) Government Effectiveness, iv) Regulatory Quality, v) Rule of Law and, vi) Control of Corruption. The UNDP also has a set of principles on which it bases its idea of good governance outlined in Table 1.

Table 1 Indicators of Governance

Principles	The UNDP Principles and related UNDP text on which they are based
Legitimacy and Voice	<p>Participation – all men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.</p> <p>Consensus orientation – good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures.</p>
Direction	<p>Strategic vision – leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.</p>
Performance	<p>Responsiveness – institutions and processes try to serve all stakeholders.</p> <p>Effectiveness and efficiency – processes and institutions produce results that meet needs while making the best use of resources.</p>
Accountability	<p>Accountability – decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organizations and whether the decision is internal or external.</p> <p>Transparency – transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.</p>
Fairness	<p>Equity – all men and women have opportunities to improve or maintain their well-being.</p> <p>Rule of Law – legal frameworks should be fair and enforced impartially, particularly the laws on human rights.</p>

Source: UNDP

There are other indices of good governance focusing on a more detailed set of indicators, especially in the context of Indian state. For example, Mundle *et al* (2012) create an index to measure the quality of governance in Indian states. According to them, governance can be defined with a “narrow, statist, interpretation which equates governance with what governments do, to a more inclusive definition which refers to the many ways in which individuals, groups, and institutions, both public and private, manage their affairs and resolve conflicts of varied interests in an orderly manner. Central to this statist concept of governance is the necessity of authority, but authority that is not an end in itself. Good governance implies that authority must be deployed, and even necessarily based on, a larger purpose - the good of the people being governed.” (Mundle, et al., 2012). They chart the role of the king from Hobbes to Machiavelli both of whom stress the need for the king to have enough coercive power to maintain rule of law but to also retain the goodwill of the people. They further highlight these concepts as outlined in the writings in *Arthashastra*, the famous Indian treatise on statecraft. As per the *Arthashastra*, a ruler must have *Danda* or coercive authority as well as *Dharma* or governance for the common good. They highlight “the exercise of authority to ensure peaceful conditions, the rule of law and protection of property rights, and public spending financed by reasonable taxation, to promote prosperity of the people” as the widely accepted idea of good governance that has persisted over the centuries. These authors identify three pillars of good governance relating to the three branches of a state- the executive; the judiciary; and the legislature. They further expand the executive pillar of good governance into four key dimensions: i) delivery of infrastructure services, ii)

delivery of social services, iii) fiscal performance and, iv) maintenance of law and order. They include delivery of legal services under the judicial pillar, and the quality of the legislature under the legislative pillar.

When undertaking interviews with the relevant stakeholders to understand change in governance in the case study states of Gujarat and Bihar, I focused on the pillars described by Mundle et al. and three related factors, also highlighted in the forthcoming World Development Report 2017. These tie in with five of the World Bank Governance indicators [(i) Absence of Violence, ii) Government Effectiveness, iii) Regulatory Quality, iv) Rule of Law, and v) Control of Corruption].

1. The existence of a capable bureaucracy for the effective provision of goods and services;
2. The existence of the rule of law—the presence of norms and legal principles that reflect the beliefs and aspirations of the society, as well as the mechanisms to ensure the impersonal application of norms, and
3. The existence of mechanisms to make governments accountable—to reduce corruption and make the political system more responsive to all groups in society.

This diffused idea of multiple pillars or indicators that can come under the umbrella of good governance is outlined in Figure 1.



Figure 1 Diffused Idea of Governance

As mentioned, one needs to understand that good governance is a nuanced and often an environment specific concept. The notion of causal linear linkage and interdependency between institutions, governance and development, needs to be reexamined through the lens of complexity science. For instance, Root (2014) challenges the tenets of liberal internationalist belief that the world should converge to a western liberal democratic framework with increased economic growth, the so-called “end of history”. Root questions whether we can actually think of good governance in terms of global best practices. Instead he argues that nations adapt and evolve according to their specific conditions, their environment. And the idea of convergence may be faulty. The idea of good governance may be much more varied. This notion emerged during the stakeholder interviews, which revealed how the good governance messaging of both

Modi and Kumar was tailored and reengineered based on the social and political environment that these leaders were maneuvering.

Credibility and Reforms – in many cases, similar to creating the right institutions, improving governance may be politically irrational for both the leaders and for the voters. A region may be trapped in a valley of underdevelopment and bad governance, with an electoral status quo that does not incentivize good governance. The winning coalition may be very small and rewarded privately while the nominal electorate kept much larger. Thus for any challenger, the credibility of his or her commitment to any kind of change or reform may be hard to establish. In thinking of institutional change (or reform) one needs to be aware that in any society a ruler who is powerful enough to maintain order is also in a position to abuse that power when it comes to property rights. A king would also need to develop a reputation of credibility in a bid to borrow funds from the market. Absolute rulers are faced with the challenge of extracting revenue without destabilizing their system of power, which makes it difficult to write and enforce a contract with such a ruling power. Root (1989) in his study of the Old Regime in France finds that the king, in claiming to be above the law, lessened his effective power and had to pay higher interests on loans. Therefore it became in the interest of the king to support the growth and strengthening of intermediaries that could act as bankers for the king, taking loans from the public to make loans to the king. This included the traditional corporations, village communities, guilds, and provincial estates. However, eventually as the many concessions granted to these groups made tax

collection difficult, the king wanted to dissolve these corporations, but found that he couldn't (he didn't have the resources to absorb their debt, thus risked financial crisis by just absorbing them and leaving their debts to the public unpaid). So the corporations had gained the power to "impose their terms on the crown and to block efforts to overhaul the fiscal system" (Root, 1989).

In contrast to the ways of the monarchy in France, North and Weingast (1989) argue, changes in the legal framework that restrict the arbitrary powers of the ruling class, and efforts to reduce transaction costs can make reforms credible. In England, the Glorious Revolution was an attempt to create some level of control over the arbitrary and confiscatory powers of the state. The king was able to raise funds and the lenders were willing to lend as they perceived the government as being willing to honor its commitments. While rulers can indicate credible commitments to reform, the question is why would they choose to do that, when would it be rational for voters to vote a leader into power that promises reform as opposed to rulers that promise them rents and vote bank related benefits.

When rulers ostensibly commit to reforms it raises the question of creating credibility for such policies where credibility is nonexistent. This problem has political costs associated with its resolution and most monarchs or dictators are simply not willing to undertake them. This leads to a process of rent seeking for getting control over some aspects of the economy in return for loyalty to the ruler. In an economy, rents are created

and then interest groups are created to try and appropriate these rents. The problem every rent seeking firm or ruler faces is to continue to extract rents from a rapidly impoverished market or society and to distribute it among a growing and competitive interest group base in return for their loyalty and cooperation to maintain power and position. The ruling coalition, as it reforms and grants greater access to institutions across the board, stands to lose rents with which the elites buy the support of opposing (and often violent) coalitions. And transitions are also difficult to sustain as the ruling coalition fears the emergence of new power blocks, and rent seeking factions and its own possible loss of status goods and assured rents. Institutional reforms can be realistically sustainable only if the ruling elites can bring about a new stable order, which may not be possible without cutting out some groups. Thus reforms, even if initiated, may not come through and may not be sustainable. Indeed it may be observed that it in many states it is the moment when the ruling coalition is closest to initiating limited reforms that regime transitions are likely to take place.

When does an extractive ruler realize that it may be better to tax and engage in public good provision? Olson and McGuire (1996) make the argument that in a primitive environment with an extractive group like bandits, a roving bandit that plunders may eventually become a tax collecting ruler; it will be in the bandit's interest to provide public goods due to his encompassing interest in the domain under his control. The 'incentive distorting nature' of the bandit's monopoly tax forms a constraint on the extent of theft via taxation. It becomes more in his interest to increase society's production, in

which he will then have a share. This is the 'invisible hand' that constrains a ruler. Olson and McGuire extend the reasoning to argue that incentives facing an autocrat and a majority government are quite different. A majority-based government will have a greater encompassing interest in the society and hence "necessarily redistributes less income to itself than a self-interested autocrat would have redistributed to himself" (Olson and McGuire, 1996).

In the next section, I explore political entrepreneurship. I argue that it may be possible in such cases for political entrepreneurs to innovate in the political and electoral process and create a voting, marketing and policy strategy that can combine reforms and consolidating political power. These twin objectives may be reconciled if the leader has a vision to sell to the electorate, if increasing rent seeking becomes increasingly unsustainable, leading to a strong feeling on anti-incumbency and vote bank politics is reengineered into ideology and issue driven politics that can bring in new people into the voting population.

2.2 Political Entrepreneurship

In the course of this dissertation I found there to be a lack of research on political entrepreneurship, particularly in the context of India. This was coupled with definitional subjectivity surrounding in the use of the term political entrepreneurship within the literature. This makes the analyses and outcomes of this dissertation valuable in the

context of India's polity, where one finds institutional inertia and inefficiency coupled with significant scope for individual initiative and policy innovation.

2.2.1 Definitions

Entrepreneurship and the entrepreneur are well-established concepts in neoclassical economics. The entrepreneur is the person who organizes the production process and bears the risks and earns a profit for his activity. The Schumpeterian (1947) view of the entrepreneur in the production process is the Innovator. He is the agent who *creates* an opportunity to extract profit from the economic process in a novel way. Entrepreneurship requires opportunities; it requires people that have different personal attributes. It requires risk bearing and organizing (creating a business) to exploit the opportunity (Shane, 2002). The Schumpeterian entrepreneur is an innovator, the one who creates new opportunities and causes change. Schumpeter viewed responses to economic stimulus as being either creative or adaptive and it is with the creative response, ones which involve doing something that is outside the range of existing practices on which he focuses. It is the agents that have the potential to respond creatively to economic change, the kind of people who are involved in "getting new things done" that become the entrepreneurs in society. The Kirznerian view of the entrepreneurs views them as *discoverers*. Opportunities exist in the economy, and an entrepreneur is someone who recognizes and exploits them. The Kirznerian entrepreneur is one who stumbles on opportunities, a process of sheer surprise or accident and having thus discovered them, seeks to exploit them. Kirzner (1973, 1979, 1997) argues that the existence of opportunities requires only differential access to existing information by people as

opposed to new information. Such opportunities are less innovative. They are seen to occur more commonly and only require discovery and no new creation in order to be exploited and operationalized. Explaining the entrepreneurial discovery process, Kirzner (1997) believes, “the discovery (of information/opportunity) which reduces sheer ignorance is necessarily accompanied by the element of surprise...entrepreneurial discovery is seen as gradually but systematically pushing back the boundaries of sheer ignorance”. These opportunities which arise out of imperfect information move the market towards an eventual equilibrium as opposed to the disequilibrium effect of Schumpeterian opportunities. As Kirzner (1997) explains, “opportunities are created by entrepreneurial errors which have resulted in shortages, surplus, misallocated resources. The daring alert entrepreneur discovers these earlier errors, buys where prices are too low and sells where prices are too high. In this way low prices are nudged higher, high prices are nudged lower; price discrepancies are narrowed in the equilibrating direction”. Moreover according to Kirzner (1997), “an opportunity of pure profit cannot by its nature be the object of systematic search...it is in the nature of an overlooked opportunity that it has been *utterly* overlooked...one is not aware at all that one has missed the grasping of any profit”. Thus the market process is one of entrepreneurial error and the creation of opportunity followed by entrepreneurial discovery of opportunity as a result of ‘surprise’ based on the differential allocation of information, as opposed to ‘successful search’ according to Kirzner. McCaffrey and Salerno (2011) also link the theory of entrepreneurship to political entrepreneurship. They address the Kirznerian idea of a political entrepreneur as an individual alert to opportunities to profit from the political

system with complementary approach based on the new institutionalism, which emphasizes the role of political entrepreneurs in shaping, changing, and consolidating political institutions.

The idea of each nation having a certain proportion of entrepreneurial talent that can be divided among different allocation sets that have different social and economic outcomes owes its origins to Baumol's (1990) work on productive, destructive and unproductive entrepreneurship. Baumol believes that "entrepreneurs are always present in a society and play *some* substantial role but there are a variety of roles among which the entrepreneur's efforts can be reallocated and some of these roles do not follow the constructive and innovative script that is conventionally attributed to the person" (Baumol, 1990). Thus what changes over time and causes shifts in growth trajectories is not the supply of entrepreneurs or the nature of their objectives. Rather it is the set of rules or the incentives which affect the kind of activities in which those entrepreneurs engage. Depending on the incentive structure, the allocation of entrepreneurship can be towards productive activities. These are economic activities that not only provide wealth, power and prestige to the entrepreneur, but also have a positive social impact as they lead to more growth and development and increase the size of the national pie that is available for consumption. Thus such entrepreneurs help move the economy to a higher level of growth and consumption, and generate employment and wealth even if it may not have been their explicit aim when they engaged in such activity. The other path would be if the

allocation of entrepreneurship is in unproductive activities. This is very similar to the rent seeking discussed by Murphy, Schleifer and Vishny (1993). And finally there is destructive entrepreneurship which, one can argue, may actually lead to a reduction in the national product.

A political entrepreneur can be a political actor (not necessarily a politician) who seeks to further his or her own political career and popularity by pursuing the creation of policy that pleases the populace. The term political entrepreneur may refer to a political player who seeks to gain certain political and social benefits in return for providing the common goods that can be shared by an unorganized general public. These common goods that political entrepreneurs attempt to provide to the populace generally include foreign- and domestic-related public policy, while the benefits they hope to gain involve voter support, public recognition, and personal popularity. A widely cited definition of political entrepreneurship in political science literature can be found in Frohlich and Oppenheimer (1978). They define the political entrepreneur as “an individual who invests his own time or other resources to coordinate and combine other factors of production to supply collective goods.” According to Wagner “Political entrepreneurs will seek out innovations in the political sphere which yield political profits” (Wagner, 1966).

More recently, McCaffrey and Salerno (2011) describe political entrepreneurs in the following manner-

“(political entrepreneurs are) individuals who perform the same or similar functions in the political sphere as entrepreneurs perform in the free market economy. It is important though that in the theory of political entrepreneurship, as in the theory of the market entrepreneur, we deal with an economic function and not an economic personality. More specifically, the function of political entrepreneurship consists in the direction of coercively obtained resources by the state toward processes of production which would not otherwise have taken place.” However, this dissertation proposes a broader view and aims to extend the analysis of political entrepreneurs to incorporate both *functions* and *personality*. This may raise concerns of subjectivity in understanding the leaders in questions. The research tries to address this by basing the analysis on a broadly drawn sample of interviewees and widely reported media sources, as opposed to author specific views. The broader focus of this dissertation is also valuable because oftentimes one cannot isolate actions, in terms of policy making, from the larger persona that plays a crucial role in allowing a political actor to gain or maintain power. It may involve loss of detail and a skewed perception of how a leader operates in a policy and political environment. Thus when analyzing Modi and Kumar, three criteria are focused on (described in greater detail in section 2.4), that incorporate elements of both their functions and personality perceptions.

Shepsle (2005) discusses the motivations of a political entrepreneur and contrasts Olson’s rationale for recognizing self-interested individual behavior in groups with

Wagner's response, highlighting the role of leadership and entrepreneurship in analyzing individuals within groups. According to Shepsle (2005),

“Olson argued that since success in inducing an individual to contribute does not come from the prospect of realizing group objectives (which will be enjoyed if the group succeeds whether she contributes or not, and whose contribution is negligible in any event), then it must come from some other source. Groups must be able to offer things of value to contributors and only to contributors – selective benefits, not collective benefits. The group objective is financed, therefore, as a by-product of bribing individuals to contribute with private compensation. Wagner (1966) pointed out a glaring omission in the by-product logic of Olson's theory of collective action – namely, the role of leadership...Wagner suggested that even Olson's by-product logic must have some source of implementation. Inventing the term political entrepreneur, he argued that particular individuals may make unusually large contributions of time and energy, and financial and especially logistical resources not (only) because they care passionately about the group's objective, but (also) because they see an opportunity to parlay this investment into something personally (read: selectively) rewarding. It is no surprise, for example, when a congressman from south Florida (home to many retirees) provides political leadership on issues benefiting the elderly – the electoral connection supplies the explanation (whether the congressman is personally passionate about these issues or not). Likewise, it is surely not entirely explained by “generosity of spirit” when a young lawyer takes on a cause – say, the lead-poisoning of inner city infants – even though there may be no immediate remuneration. Applying the career-concerns logic just suggested

about the congressman, this political entrepreneur takes leadership of an issue in order to advance a personal agenda (of which finding a solution to the issue at hand may be part, but only part), possibly parlaying his public spirit into a political career, a network of contacts, future remuneration for his legal practice, etc. The leadership explanation is not entirely compelling in all settings. But it invites us to scrutinize some of the less obvious motives of those who assume the mantle of leadership”

This becomes apparent in the cases of Gujarat and Bihar and the issues and messaging undertaken by Modi and Kumar.

2.3 The Changing Face of India’s Economy and Regional Politics

To understand the context and the setting for the cases of Gujarat and Bihar, one needs to be aware of the evolution of Indian politics and economy in the decades since independence. Economic policy in India for a long time followed the trend set by the so called *Mahalanobis* Model outlined in the Second Five Year Plan (1956-61) of state led development. The visible change in growth rate and lifestyles after the liberalization of the economy in 1991 gave more credence to the notion that India missed out in its years of experimentation with socialism and planning. Guha (2007) and Ganguly & Mukherjee (2011), in discussing India’s socioeconomic evolution since the 1980, give a comprehensive account of the development story of modern India. There emerges a pattern of historical inevitability and path dependence coupled with a sense of missed opportunity as borne out by their narrative. The decisions and policies adopted by the Indian government seem to take a historical inevitability and the course of India’s

economy seems almost dependent on its colonial experience and reactions to the same. For a country emerging from 200 years of colonial rule, and for a government trying to unite a divided and disparate subcontinent, the appeal of swadeshi (home-made) and looking inward to create one's own growth story was tremendous. The idea of being beholden to any foreign trading partner and subjecting the economy to possible economic imperialism from abroad prevented the Indian state from really considering trade as a viable engine of growth. Similarly for a country that was newly independent and seeking to carve its place in the world, the idea of unquestioningly aligning itself to any power block whether the US or USSR also held very little ideological appeal or political currency. India also saw its story as the continuation of an ancient civilization. Nehru, as a leader, was deeply concerned with India's position and image on the global stage and the need to make the country self-reliant in food and industrial productions. Nehru's concern led to an agricultural policy focused on raising food production (through the so called Green Revolution), and an industrial policy focused on establishing heavy industries like iron and steel, chemicals, and heavy machines as opposed to cheap consumer goods. While aiming to reduce illiteracy, the country simultaneously engaged in developing a space research program and world class centers for higher education. However the policy prescription of state led, planned growth, significant public enterprise role, infant industry protection, trade restrictions, import substitution and an emphasis on capital goods as opposed to consumer goods did not succeed when contrasted with the economies of Korea, Singapore, Malaysia and Indonesia which were getting ready to reap the benefits of export led growth. In the post-independence period, a predominantly

agrarian and rural economy, India seemed to suffer from an urban bias, while agricultural productivity rates were still very low. According to Corbridge (2009)

“Nehru mobilized large sections of the English-speaking “progressive” elite in support of his modernizing agenda. But this elite was fated to see its ambitions translated at local level by power brokers who rarely shared its commitments to the “greater good” or the “long run.” Local worlds were more often vernacular worlds, or worlds where commitments were most often forged at the level of a household, kin group or caste community” and in India, “the developmental state was captured by three interlocking power groups: India’s richer farmers (who blocked agrarian reform), its industrial bourgeoisie (business houses that took advantage of state-induced scarcities and which blocked competition and innovation), and the country’s leading bureaucrats (many of whom earned large rental incomes from the “Permit-License-Quota-Raj”, and almost all of whom enforced unproductive rent-seeking behavior on smaller businesses and ordinary citizens)”.

The 1980s onwards, India slowly came out of the industrial licensing and controls era and moved towards a liberalized economy. The socially dispossessed gained a stronger a voice and a greater say in determining elections, making the elections unpredictable and reducing the long held supremacy of the Congress Party as the most powerful national party. The rise of Marxist and Dalit (lower-caste) groups has also been a threat to the traditionally upper caste political hierarchy, as has the growing power of

the minority Muslim vote. Bueno De Mesquita (1975) used India as a case for developing a theory of coalition behavior using the political backdrop of the highly fragmented regional party politics in India. In his work Bueno De Mesquita compares the behavior of six all-India parties forming winning coalitions across the country. He attempts to move away from more static models of coalitions in order to incorporate strategic choices based on past experiences and future expectations. He views coalition actors as being interested in obtaining majority control over future payoffs by expanding their current resource base. These actors devise strategies accordingly to allow them to access disproportionately large shares of the benefits available from coalition formation. The 1970s and beyond have seen a more regional and caste based politics emerge in India. Institutionally this raises interesting questions for India's future. A country that is poised to take off into the high growth phase and wants to emulate neighbors like China is increasingly dragged down by an increasingly fragmented political elite which is attempting to carve out a secure caste, language or religion based power base for itself and extract rents.

The politics of India has traditionally been plagued by elitism; a phenomenon deeply entrenched in the social fabric of the country. Root (2005) describes how Indian politics is characterized by a 'big-man' phenomenon, which was utilized by the patronage politics of the Congress Party, where the political party members form alliances with the local powerbrokers or big-men (also called *baahubali*) at the grassroots to ensure a support base for their party. In exchange these *baahubali* are guaranteed rents by the political powers in office. Each party and its members will often have their own network

of such local agents and thus circumvent the intended functioning of the democratic electoral process. The system for patronage was weakened when the demands for spoils surpassed the Congress party's ability to dole them out. As Root points out, "growth of the state crowded out other economic activities, conflict over spoils erupted in violence and social unrest" (Root, 2005). This was clearly true in Bihar and the scramble for state resources continues to be important. In the case of Gujarat, the Modi government has shown an indication to centralize and streamline the role and involvement of the state. The relationship of the political elite to the bureaucratic cadre and the civil service is further characterized by Root and Nellis (2000) as a "postings merry-go-round", a tool used by politicians to reward loyal civil servants and punish those that refuse to toe the line by dangling lucrative postings or transferring bureaucrats at whim, as is the prerogative of an elected leader. This is a tool that both Modi and Kumar have engaged in.

Bueno De Mesquita's view of the Indian political environment is a Hobbesian world where survival of the fittest dictates political majority and survival. Here the history of past bargains between coalition players determines their current choices. In such a fragmented (and fragile) environment, the country is deprived of stability and this affects growth and development. While this description may be somewhat true for the Bihar of today, the Gujarat experience has been different and has been more leader driven; specifically because BJP was able to consolidate a power base in Gujarat and the opposition was weakened over the years. And this ability was coupled by BJP's

performance in improving the growth and governance performance in the state. At the national level following its unexpected defeat in the 2004 elections, it is interesting to note the shift in BJP's policy focus and its emphasis on good governance. The Narendra Modi government in Gujarat focusing on creating the right environment for private enterprise to thrive can be contrasted with the populist, welfare-oriented policies pursued by the Congress, ranging from the National Rural Employment Guarantee Scheme to raising the levels of subsidies, and controlling the price of petroleum products. There is a political cost to reforms that every party has to absorb. So often, even if the center pushes for reform, their state-level supporters have to pacify constituents with the promises of subsidies and assistance that will ease the bitterness of the 'reform' pill for the *aam aadmi*, the common man.

Therefore, the impact of economic liberalization and reforms of national and regional politics may be twofold. One is that in advocating and promoting reforms and good governance, the parties try to win the rising middle class and the corporate sector, to bring in more money, more jobs etc. into their constituencies. This is similar to the story that the BJP aimed at promoting in its India shining campaign. The other maybe that reforms give parties a point to rally around in the opposite direction. Consequently at the regional level parties have followed a twofold strategy for securing vote banks in context of reforms – they have either appropriated the growth generated by the reforms or chosen to follow a more welfare state approach in promising more benefits to specific groups.

2.4 Thesis Contribution

As mentioned this thesis will contribute to filling the gap in literature pertaining to political entrepreneurship in India. Particularly, it will contribute to the intersection of good governance and the role of political entrepreneurs in promoting and using it as a winning strategy for election. The qualitative work undertaken in this research can also form a useful basis for future multi-agent simulation models for elections and understanding the role of political entrepreneurs. Based on the review of literature and Schumpeter and Kirzner's ideas of entrepreneurs as *innovators* and *discoverers*, I propose that three criteria be used to identify and analyze individual political actors as political entrepreneurs. For the purposes of this dissertation, a political entrepreneur is an actor who i) innovates at the policy level; ii) creates a new support base where one did not exist; and iii) creates a new image based on creative marketing and targeting of audiences. Thus he can be understood as an actor who has changed the status quo both in the campaigning and in the fulfillment of electoral promises. He discovers and creates political opportunities and exploits them for electoral gains and increased power (in terms of legislation and financial outlays). And he organizes the political process and bears the risk and gains benefits in return. This three-way criterion is illustrated in Figure 2.

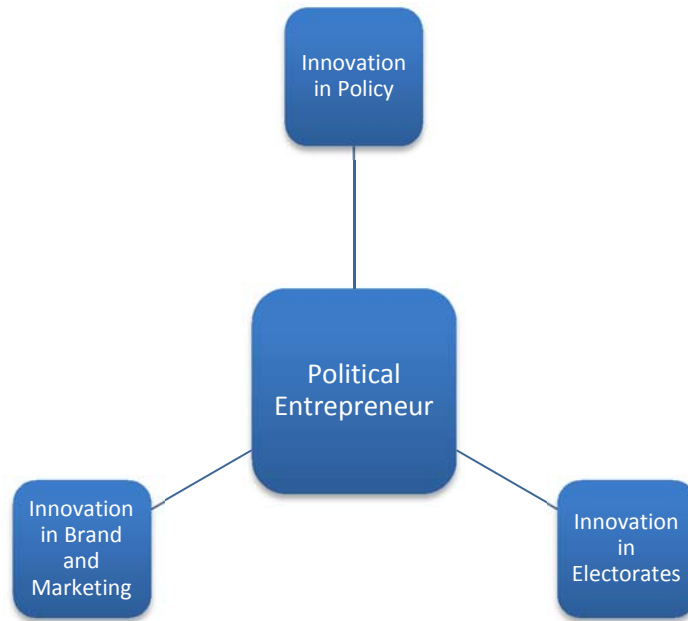


Figure 2 Political Entrepreneurship

There is a dearth of research work done in this area in the context of India. Much of the research on political entrepreneurship has focused on local level political actors at the district or municipality level or on policy entrepreneurs. In this dissertation I examine the actions and careers of two big-name national level political actors, Narendra Modi and Nitish Kumar as political entrepreneurs. I examine what sets them apart from other leaders. The case study approach allows us to focus on specific states and leaders, around the time of elections (as they campaign) and after them (as they engage in policy making and fulfilling on electoral agendas).

As I move on to outlining the research questions in the next section it is important to keep in mind why political entrepreneurs are important and why do we need to focus

on them? One can argue that a candidate may choose the promise and provision of good governance as a strategy as a means to acquiring support, power and maintaining it. The reason he is able to use this as an opportunity while others are unable to could be because he is a political entrepreneur, who discovers or creates the opportunity. His individual attributes may give him a broader vision to see potential long-term benefits of good governance vs. the short-term benefits of rent seeking or caste/religion/reservation/subsidy based politics. Similar to Baumol's notion of productive and destructive entrepreneurs, certain politicians can be productive political entrepreneurs and others can be destructive political entrepreneurs. I examine what impact Nitish Kumar and Narendra Modi as political entrepreneurs had on the states of which they were the chief ministers.

CHAPTER 3. RESEARCH DESIGN AND METHODOLOGY

This dissertation looks at institutions, governance and political systems and analyses the interactions of political leaders with their environment and the impact this has on the system. I examine good governance as a desirable condition to further economic growth and development, and compare this with the coexisting political reality of good governance as a winning strategy for elections by self-interested political actors. I look at the linkage between good governance and political entrepreneurship. Getting the institutions right and ensuring good governance are considered essential for ensuring growth and prosperity. Given this background, discussed in the previous chapter, I address the following questions, and related propositions in this dissertation:

1. When does good governance become a winning strategy for a political leader?
Did good governance emerge as a winning strategy in the cases of Bihar and Gujarat, and if yes then how?

One can propose possible explanations:

- It is possible the electorate is no longer interested in acquiring specific rents from the political elites

- There could be a sentiment of anti-incumbency for the government in power that is channelized by an opponent through the promises of good governance. This is distinct from any actual change on the ground in indicators of governance like rule of law, level of transparency etc.
- The prevalent law and order situation in a region. When law and order deteriorates to such an extent that an electoral promise of good governance can result in a significant shift in votes.
- Voter Apathy transforms to political activism. That is, there may be some kind of tipping point which transforms voter apathy into political activism, a critical mass of supporters might build up which causes voters to change their behavior based on the actions of their immediate neighbors.

I argue that good governance emerges as a winning strategy when a particular set of conditions is met – there is a crisis of governability in a region (either genuine or manufactured), there is a political entrepreneur who plays a role in recognizing this opportunity, and there is a tipping point which transforms voter apathy into a clear demand for good governance. I also argue that good governance by itself as a winning strategy does not win candidates elections. Such a promise plays a significant role in the electoral victory of a candidate but it is diluted to incorporate ideas of development. And this emphasis is often in conjugation with a reengineering of the electorate to create a voter support base on the more traditional fault lines of caste, religions, regional and

linguistic identity. Thus old and new ideas of politics complement each other when used effectively by politically entrepreneurial candidates executing a larger vision.

2. What role can a political entrepreneur play in recognizing a window of opportunity in policy making and among voters? Does he play a role in making good governance a winning strategy (apart from other possible factors such as anti-incumbency, breakdown of law and order, public expectations, corruption)
3. What coalitions of support did the leaders in Gujarat and Bihar create? How did they innovate in policy, electorate and personal brand building?

3.1 Propositions

This dissertation examines the following propositions for the two cases being studied

Proposition 1: Caste/Religion

Persistent caste/religion based politics ceased to be a winning strategy in the state

Proposition 2: Economic Performance

Declining economic performance led voters in the state to demand new solutions

Proposition 3: Rent Seeking

Increasing rent seeking combined with a small winning coalition became unsustainable to maintain

Proposition 4: Anti-incumbency

Anti-incumbency allowed the challenger to gain power in his first election

Proposition 5: Good Governance

Good governance allowed the challenger to gain and maintain power in elections

Proposition 6: Political Entrepreneurship

Modi/Kumar can be considered political entrepreneurs who were able to recognize or create a policy opportunity and capitalize on it to maintain power

3.2 Methods and Data

This dissertation uses a multi-methods approach. I am using case study analysis to answer our research questions about multiple issues such as institutions, transforming governance, the conditions under which good governance emerges as a winning strategy and the role of political entrepreneurs. In the following chapters I will outline the cases, the criteria for the selection, followed by in depth analysis of the two selected cases, Gujarat and Bihar to test our propositions. Qualitative research is research that involves analyzing and interpreting texts and interviews in order to discover meaningful patterns descriptive of a particular phenomenon. The field of qualitative research is quite diverse. Some methodologies included in this approach are: participant observation, fieldwork, ethnography, unstructured interviews, life histories, textual analysis, discourse analysis, and critical cultural history. This dissertation uses case studies and interviews as a methodological tool of analysis. According to Abadie et al “case studies focus on particular occurrences of events or interventions of interest. Often, the motivation behind case studies is to detect the effects of an event or policy intervention on some outcome of

interest by focusing on a particular instance in which the magnitude of the event or intervention is large relative to other determinants of the outcome, or in which identification of the effects of interest is facilitated by some other characteristic of the intervention.” (Abadie et al, 2009). As Yin (2003) points out, “the distinctive need for case studies arises out of the desire to understand complex social phenomena... which allows investigators to retain the holistic and meaningful characteristics of real-life events” (Yin 2003, p. 2) and a case study allows one to use different sources of empirical evidence. Case study research consists of the following: “a study’s questions; its propositions, if any; its unit(s) of analysis; the logic linking the data to the propositions; and the criteria for interpreting the findings” (Yin, p. 21). The information gathered regarding these two cases is used to explore questions about what winning strategies emerged and when a winning coalition, a winning strategy, and (what one subjectively views as) the larger public interest, are aligned. We explore what role political entrepreneurs play to achieve this alignment.

The data used in this dissertation includes statistical data collected during field visits, from the central and state governments; data from the Economic Survey of India, the (erstwhile) Planning Commission, the Election Commission of India and secondary literature sources. Open-ended semi structured interviews are used for textual data, as well as candidate speeches, party manifestos and related publicity and campaign materials, and media reports from national and regional publications.

3.2.1 Area Visit and Qualitative Semi-structured Interviews

Within the context of my cases I use the tool of semi-structured interviews to collect data. Like focus groups, direct observation and literature reviews, interviews can be used to gather qualitative information. They provide access to perceptions and opinions; and they are effective for gaining insight into problems that may not be immediately perceptible. Interviews were conducted with 56 stakeholders, 28 from each state, and were an integral part of the case study analysis. The interviewees were politicians, bureaucrats, civil society members, media, and policy research and academia. Their responses on the state of governance and the role of the state leadership were then coded and analyzed to look for patterns, common themes and specific indicators of change and initiatives undertaken by the state leadership. According to Saldana (2008), “a code in qualitative inquiry is most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data” (Saldana, 2008, p 3).

3.2.2 Background on Selected Stakeholders

The interviewees were selected through a web search and through snowballing of contacts. The interviews were of an approximate duration of 30-45 minutes and were conducted telephonically or in person. The intention was to interview a sample of adult executive and elected government officials, members of academia, civil society and private sector, selected randomly and ask them questions pertaining to leadership and governance in Gujarat and Bihar. Participants were recruited and contacted by email and/or telephone. Participants were identified through governmental and organizational websites and reports. My basis for selecting participants was not based on gender,

ethnicity, age or class, but rather on the interviewees' role in and knowledge of politics and governance in the states of Gujarat and Bihar. The sample was limited based on availability and permissions. There was also some selection bias because many of the contacts were gained through references from prior interviewees. The idea was to keep the sample broad and representative across categories. Almost all the interviewees were male, except two. No information on the caste of the interviews was asked but as far as could be ascertained from last names, there were no members from the *dalit* communities. There were also no interviewees from BJP opposition parties in Gujarat. The following table gives the division of interviewees across categories-

Table 2: List of Interviewees

State	Politician	Civil Servants/ State Officials	Media	Civil Society	Academia	Other	Grand Total
Gujarat	4	6	3	4	7	4	28
Bihar	5	9	5	2	2	5	28

3.2.3 Analysis of Textual Data

Besides the interviews and field visit and secondary data collected from various government sources, I also use textual evidence from selected sources. Analysis of the written content of media reports, party manifestos and candidate speeches is undertaken relating to Gujarat and Bihar coding for particular words (good governance, corruption, efficiency, infrastructure, law and order). I analyze the content of these textual sources, focusing on key themes and terms used and the context in which they are used. In

analyzing how political entrepreneurship and good governance relate, I try to identify how good governance was emphasized in the election strategy of Modi and Kumar. The media plays an important role in shaping opinion, in how the public perceive the strategies of the two candidates. The electoral message and the focus on good governance were emphasized in media reports both before and after the successive state elections. I study newspaper articles from national and state level publications to determine any changes in this messaging. The media analysis is also useful in illustrating how nuanced and different or similar the message from each party is. In the absence of a clear and marked difference we could argue that the election results were decided by other contributing factors, such as the cult of personality, personal attributes of the candidates, promises of specific subsidies, benefits to vote banks. Content Analysis may not be able to determine causal effects but maybe able to help us substantiate them from empirical data.

For this dissertation, a Google News search was done for a 20-month period from January 2014 to August 2015 for the names Narendra Modi and Nitish Kumar. A search was done in Lexis Nexis for the 1 year period before and after each state election, (in 2002, 2007, 2012 in Gujarat and 2005, 2010 in Bihar) and a search was conducted for the words – “Narendra Modi”; “Nitish Kumar”; “Gujarat”; “Bihar”. The search was then refined by adding the words “good governance” to each of the previous terms for the designated two-year period. Other terms were also added like, development, policy, caste, vote bank, *hindutva* and minority. Because this was a qualitative analysis, there was a perusal of the content of the text in news reports to understand a favorable or negative

opinion of each of the leader and also to identify key issues around election times and the state response after election to its promises. Coupled with the interviews, the insights from this analysis and data on state macro indicators and policy initiatives were used to construct a narrative of the use of good governance as a strategy in elections and beyond and the innovations brought about by the two leaders.

CHAPTER 4. A BACKGROUND ON GUJARAT AND BIHAR

4.1 Gujarat's Political Landscape

The states of Gujarat and Maharashtra were carved out in 1960 from the erstwhile Bombay Presidency. Along with the Northern states of Punjab and Haryana, these two western states of remain among the most entrepreneurial, industrialized and prosperous states in India in terms of State Domestic Product and Per Capita Income. Gujarat has been home to some of the most renowned leaders in India's political history including the Father of the Nation, Mahatma Gandhi. Besides Gandhi, the state has been home to Sardar Vallabhbhai Patel, one of the founding fathers of independent India, former Prime Minister of India Morarji Desai, and the current Prime Minister, Narendra Modi. Like much of India, Gujarat remained a stronghold of the Congress Party for decades after independence. However, as traced by Kohli (1991), the power of Congress in the state has been steadily declining. When analyzing the crisis of governability in India during the 1970s and 80s, Kohli observed that opposing groups in caste based riots in the 1980s were effectively able to paralyze a ruling majority party (the Congress) in power on the basis of caste and religion. The issue of caste based reservation in education and government jobs and state welfare schemes has always been a political minefield and the cause of widespread agitations by groups demanding reservations or opposing them. One sees a pattern where Gujarat's political history has been one of reasonably long periods of

calm punctuated by intense outbursts of religious violence, particularly in densely packed cities like Ahmedabad¹.

As the power of Congress waned in the aftermath of the Emergency, other leaders and parties started coming into prominence. Indira Gandhi, and following her, the Congress party under Rajiv Gandhi, somewhat revived the Congress popularity in the 1980s, winning outright majorities, while the BJP remained a marginal party, behind the Janata Dal. However gradually the Janata Dal policy of caste based voter groups lost favor and a rise of right wing militant Hindi nationalism brought the BJP into increasing prominence nationally and especially in Gujarat. Thus in Gujarat, BJP began an ascent in the 1980s just as all over the country the popularity of the Congress was declining. And Gujarat has remained BJP dominated for decades. Since 1991 it is the only party to have ruled the state, whether in the State Legislative Assembly elections or the National level Lok Sabha elections. Thus following the liberalization of India's economy (under a Congress government) and the BJP's own agitation on the Ram *Janmabhoomi*/Babri Mosque demolition issue in Ayodhya², it has been the only party to hold the reins of

¹ Most recently in August 2015, the city of Ahmedabad was racked by sectarian violence based on the agitation by the *Patidar* community on being denied the status of a backward caste and the associated benefits and reservations. Peace was restored to the city after a few days of violence. Representatives of the *Patidar* community met with the Prime Minister and currently meetings and negotiations are underway with the current Chief Minister of Gujarat.

² On December 6, 1992, Hindu volunteers affiliated with the RSS and VHP, and supported by some BJP leaders, demolished Babri mosque in the city of Ayodhya, on grounds that the mosque stood on the mythological birthplace and ancient temple site of Hindu deity Lord *Rama*. The event led to nationwide Hindu-Muslim riots.

power in Gujarat and has won the majority in each of the state and national level elections. Even before the Modi era of rule began in Gujarat, it had seen veteran BJP leaders such as Keshubhai Patel. Over the last two years, following the *Lokpal* Bill agitation in Delhi³, from 2013 onwards the Aam Aadmi Party has tried to influence voters in the state to pose an opposition to BJP. However this has only made a negligible dent in the popularity of the party in the state.

Examining the role of leadership, in terms of great governments and successful initiatives, Andrews (2013) explores two aspects of change. According to Andrews there are “two potential theories to explain how governments get great...‘solution and leader driven change’...dominant in the international development field...It posits that great governments emerge when the right policies are introduced in times of crisis by top down leaders who then have stable power for a long-enough period to drive implementation. A second theory is called problem driven iterative adaptation, which is a new approach to thinking about development and change. It holds that great governments emerge when agents interact in new ways—led by distributed groups—in gradual, iterative processes that yield locally determined responses to problems (that mature with time as more agents get engaged and buy-in to the changes)” (Andrews 2013). In the case of the former road

³ The movement to get the anti-corruption *Jan Lokpal Bill* passed by the central government resulted in multiple public demonstrations across India from 2011-2013. These were led by a number of civil society organizations, spearheaded by Arvind Kejriwal, and under the titular leadership of Gandhian social activist Anna Hazare. The Aam Aadmi Party, led by Arvind Kejriwal, emerged as a national level party from this agitation.

to change, one can argue that the leader plays a huge role in determining policy outcomes and the level of public welfare. The leadership in Gujarat veers more towards the former style of governing.

Within the case studies, I use Process Tracing to do within-case analysis of events in Gujarat and Bihar over roughly a decade, and build narratives about how change processes emerge and progress in each case. Collier (2011) describes the method, “process tracing...is an analytic tool for drawing descriptive and causal inferences from diagnostic pieces of evidence—often understood as part of a temporal sequence of events or phenomena...as a tool of causal inference, process tracing focuses on the unfolding of events or situations over time. Yet grasping this unfolding is impossible if one cannot adequately describe an event or situation at one point in time. Hence, the descriptive component of process tracing begins not with observing change or sequence, but rather with taking good snapshots at a series of specific moments. To characterize a process, we must be able to characterize key steps in the process, which in turn permits good analysis of change and sequence” (Collier, 2011). Keeping this in mind, I describe some key events over more than a decade long timeline of Modi’s rule in Gujarat that can allow one to describe and understand his impact on the state and his role as a political entrepreneur in transforming the received narrative about Gujarat.

In contrast to the proposition that it was the impact of Modi’s leadership that caused a transformation in the Gujarat growth story, or the narrative around it, we also

consider some alternate explanations. For example, as one of the stakeholders interviewed, (a member of academia from a Gujarat) argued, the success of BJP and Modi and the improved quality of governance in this case could be because Gujarat has historically been a prosperous state and any competent leader would have done well here. It has a long history of individual and collective initiative and a strong cooperative and civil society culture. Governance in Gujarat was better than many regions in India. It can also be argued that Gujarat experienced growth and development that was not unique to it but as part of a national trend of improved growth, good governance.

Modi has enjoyed massive popularity and stability in Gujarat but he is not the only leader to have won multiple times with outright majorities and emerge as a regional power player. He has been able to coopt different sections of the Gujarati demographic, suitably altering his message based on his audience. The next section outlines Modi's political journey in greater detail.

4.1.1 Gujarat's Election Results

Table 3, Table 4 and Table 5 provide a breakdown of the election results in the state elections in Gujarat in 2002, 2007 and 2012 respectively, based on data from the Election Commission. Apart from success in state assemble election; in the 2014 elections national elections in Gujarat, the BJP won 100% of the seats. It is interesting to note that the BJP's share of seats won has declined over the years, but it is still the majority party by a huge margin. Some of the seats have been captured by the Congress and other parties. But the BJP has maintained its majority by coopting new groups of

voters from the younger sections of the population and the middle class to counter the minority voting veering more towards other parties in the 2007 and 2012 election.

Table 3: Gujarat 2002 Elections

Party	Seats won
BJP	127
INC	51
JDU	2
Independent	2

Source: Election Commission of India

Table 4: Gujarat 2007 Elections

Party	Seats won
BJP	117
INC	59
Nationalist Congress Party (NCP)	3
JDU	1
Independent	2

Source: Election Commission of India

Table 5: Gujarat 2012 Elections

Party	Seats won
BJP	116
INC	60
Gujarat Parivartan Party (GPP)	2
NCP	2
JDU	1
Independent	1

Source: Election Commission of India

4.2 Background on Narendra Modi

Narendra Damodardas Modi is currently the 15th Prime Minister of India. Prior to taking on this role he was the chief minister of Gujarat for a little over 12 years. In 2013-14 the entire nation was primed for elections and over the course of the year a so-called “Modi mania”, began to spread all over India as well. As an individual, Modi had humble beginnings. He has famously referred to himself as a *chaiwalla* or a tea-vendor, referring to one of his early jobs. Most political leaders use their background to identify themselves with the electorate from whom they are seeking support from. Modi has also used his upbringing to identify himself as a man of the people and to distinguish himself from the Nehru-Gandhi family and the perceived elite status of Congress leaders. Apart from his modest background, the other very visible identifying affiliation of Modi is his background working in the Hindu religious organization, the *Rashtriya Swayamsevak Sangh* (RSS) and the Vishwa Hindu Parishad (VHP). He worked for a long time politically at the grassroots level as part of these organizations.

Building the Personal Brand: Based on media reports and feedback from interviews a vast mythos surrounding Modi emerges. Among the 28 stakeholders interviewed in Gujarat, a majority believed that Modi had been very effective at creating the image of an efficient manager, a man of action and a man committed to development. However among the civil society stakeholders interviewed, each of them viewed with concern Modi’s tendency to centralize and be dictatorial and autocratic in his style of governance and ignore due processes of checks and balances. There are questions raised about the transfer of officers and bureaucrats by Modi who were not towing the line. This

is not an unusual practice. Root (2005) also discusses how bureaucratic transfers are used by politicians in India to reward their loyalists and favorites and punish officials that oppose the leader or the ruling party. It happens in the case of police, judicial and civil service appointments. In the wake of the Gujarat riots the same thing happened in Gujarat. What becomes apparent is that Modi is a man with a vision and the capability to create a team and push through the vision and bring to fruition in actionable terms, and to sideline and punish those that are opposed or not aligned to his vision or way of doing things.

He is believed to be an austere man. He has no children and his family, other than his mother (used as a powerful symbol of image building in India), has never been relevant or visible in his public role, unlike the dynastic politics in the Congress party. In India, political and business dynasties are the norm. In this environment, Modi's childless stature puts him above the temptation to set up his own kin as his political heir apparent or to engage in rent seeking for their sake. He is perceived to be a man of very few personal needs or desires and not interested in establishing any kind of family legacy. What does seem to drive Modi is his ideology; a commitment to his post and to public service, and his own vision for the state and society. The RSS, VHP and his party BJP seem to form his world and family. And yet, even within the BJP Modi is considered to be a maverick and somewhat of an outsider. His rise within the party is considered miraculous, given that there were popular, senior leaders in BJP like LK Advani, Arun Jaitley and Sushma Swaraj, with greater experience governing at the national level, and

having been part of previous BJP-led national governments. This “outsider” tag is one that has been beneficial for Modi as he is not party to the inherited internal rivalries within the BJP. It was infact his rise within the party based on his success in Gujarat and his rising popularity that created friction with some member of senior party leadership.

Modi is considered to be a tireless and efficient worker. Evidence from stakeholder interviews across the board touches on Modi’s workaholic nature (which is not the norm in Indian politics). It is this perceived efficiency, quick and firm decision-making and the ability to formulate innovative policies and get things done that has earned Modi the widespread admiration when contrasted with the usually sluggish pace of officials, leaders and work in Indian governments. Modi tailors his electoral message very effectively based on his audience, and by doing so, has been able to coopt many new sections of the Gujarati and later the national electorate as well. His background in the RSS and the VHP and his image of being a staunch Hindu rights supporter found him favor among the conservative right and the religious hardliners. He was able to reengineer this image into one that emphasized his personal integrity and a man committed to ending corruption and promoting good governance, increasing his popularity with large sections of the middle class. His emphasis on growth, infrastructure development, ease of doing business earned him the favor of investors and the business community. This point will be addressed in greater detail later in this chapter but one needs to point out that Gujarat has always been investor friendly. Modi was able to spread this message far and wide and effectively crystallize and market this image on a

bigger platform through events like the Vibrant Gujarat Summits. Interestingly, he was always conscious of the image he was projecting and sought the best professional advise available to engineer it. As far back as 2009 Modi hired the famous US based public relation firm APCO Worldwide for his Vibrant Gujarat summits. In the first Vibrant Gujarat, Modi welcomed industry titan Ratan Tata⁴ and the Tata Motor Company to set up shop in his state.

Reengineering the Electorate – Modi was not the first choice to be the Chief Minister of Gujarat after the 2001 state elections. It was instead party veteran Keshubhai Patel who was the face of BJP in Gujarat. Modi was selected as the replacement for Keshubhai Patel in October 2001 after the latter’s health began failing. The decision was partly motivated by Modi’s deep familiarity with the administration in the state and his experience working at the grassroots level in Gujarat almost his entire life as a BJP party functionary. Within a few months of the Modi led government being in power a series of events unfolded that shook the state and the nation. These were the communal riots that engulfed Gujarat in February 2002. The spark that seems to have exploded Gujarat was an attack on *kar sevaks* (religious devotees and volunteers) returning to Gujarat on the Sabarmati Express Train and carriages of the train being set to fire by a small hostile Muslim mob. This incident provoked an immediate and violent reaction from the Hindu

⁴ This was a huge coup for Modi. Ratan Tata, a pillar of the Indian business world, was far from a Modi supporter, looking down on him as a rightwing nationalist. However, Modi was able to provide a conducive business environment, and an opportunity for Tata Motors to set up their new car-manufacturing facility in the state, thereby earning Tata’s support.

majority population in the state. The violent outcome was particularly intense in the city of Ahmedabad, which has Hindu and Muslim populations living in close proximity to each other, particularly in the old gated parts of the city. The level of complicity of the state in these incidents has been the subject of debate and has been investigated for long under the scanner of the police and the courts. What has been brought up for question repeatedly has been Modi's own role in these riots – at best described as a failure to keep the situation in control and protect vulnerable sections of the population, and at worst an actual pogrom initiated by the state to specifically target and eliminate members of the Muslim minority. The Supreme Court appointed Special Investigatory Team (SIT) did not find any evidence for prosecuting Modi and top bureaucrats and police officers and recommended that the investigation in the 2002 Gulberg Society massacre (in which residents of a Muslim housing society were specifically targeted and murdered) during the Gujarat riots case be closed. However, despite such assurances, perceptions are slower to change in some corners and multiple sources still believe there were serious discrepancies in the state's response to the riots and in its efforts later to resettle riot victims and thoroughly investigate the perpetrators. The report of the *amicus curae* Raju Ramchandran, appointed by the Supreme Court, does not completely exonerate Modi. However, there are still concerns that remain. A report by the Stanford Law School on the Gujarat riots found that the conviction rates in the cases related to the riots have been as low as 10%. This is way below 18.5% convictions in riot cases till date across India. One of the claims in the case against Modi was made by Sanjeev Bhatt, an ex-IPS officer. Bhatt had filed an affidavit in the Supreme Court claiming that he was present at the

meeting held by Modi on the night of Godhra train burning incident of February 27, 2002, where Modi allegedly instructed top police officials not to take action against rioters. On the other hand, these claims have been called into question by the SIT and Bhatt has been deemed manipulative in his statement, putting his reliability as a witness into question.

However, what is most interesting is the impact of these riots on Modi's political trajectory since 2002 and their benefit or harm to his image and to his support base. Media expert Ullekh NP, (veteran journalist with the newspapers like the *Economic Times*, *Mint* and *Open Magazine*), believes that the riots were an event that aided Modi in winning his state election in 2002. They established his credentials as a Hindu strongman. It is noteworthy that in the aftermath of the trials BJP won the highest number of seats in the state assembly (127 of 182 seats) compared to later elections in 2007 (122 of 182 seats) and 2012 (115 of 182). Clearly the Hindutva strategy worked in Gujarat even if it has negative repercussions at the national level. Ullekh points out, the Hindutva ideology was behind BJP's rise to prominence in the 1990s with LK Advani's Rath yatra and Murli Manohar Joshi's Yatra, politicization of the *Ram Janmabhoomi* issue and the demolition of the Babri Mosque. Caste and religion are never far in an Indian election and this has been true for the country since before its independence. Using the Babri Masjid as a catalyst the BJP was also able to create a support base for itself, sharply cutting into the Congress stronghold over the coming decade and establishing itself as a major national party. It has since tried to temper its hardliners but still remains right of

the center party. Modi had reportedly worked behind the scenes on these ideological and political campaigns during the 1990s to mobilize support for LK Advani. Ullekh points out that Gujarat is a state with deep religious fissures and is no stranger to violent outburst with political backing. What is interesting is the transformation in the state since then and the very effective utilization of the riots by Narendra Modi in building political capital. What makes Modi a political entrepreneur to chilling effect is his utilization of the Sabarmati Train attack to tap into a wave of pent up anger and frustration among sections of the Hindu population, against the perceived preferential treatment for minority communities. Conversation with the interviews in Gujarat indicate at that time in 2002, Modi became a figurehead for groups harboring a desire to prove their credentials as keepers of the Hindu faith, extract revenge, and unleash retribution on the minority Muslim community that they believed had been molycoddled and pandered to by most other political parties. And today interestingly, there is a general sense of wanting to ignore the riots and move on, seen among the vernacular media and reflecting the larger state population. The majority of Hindus in the state were already in favor of Modi given his posturing as the alpha Hindu male. When, in subsequent years, he added the credentials of modernizer and a leader committed to clean efficient government, this strengthened the already existent favorable predisposition and further made him palatable to larger groups of people at the national level.

This picture that emerges from interviews and media analysis, shows Modi's credentials as political entrepreneur based on two of the criteria outlined in the literature

review, innovations in building a personal brand and creating or expanding electorates. Thus Modi was a leader who was able to gain huge popularity. He was a leader who was speaking directly to the people; he had the masses on his side. His actions only added to the process of myth creation and building hype. The deification of political leaders and personality politics is not unusual in India with the image of Nehru as the Liberator, Indira Gandhi as the Iron Lady, comparisons of her with the Goddess of Strength, Durga, etc. having been seen before in India. But the professionalism and media suaveness that has been displayed by the Modi team is unparalleled. As Ullekh points out, Modi was able to make inroads with the vernacular media in Gujarat. He would use simple means to give a sense of importance to the media outlets. For example, if his government found shortfalls in the implementation of government initiatives or a civic issue, he would encourage the media to highlight the issue in question. He would then step in to acknowledge the problem and take swift actions to resolve it, while crediting the media with bringing it to his attention. The media in turn would publicize the fact that due to the quick action of his government, a public issue was now resolved to the benefit of the common people.

The Nehru-Gandhi story is a story of dynasty and patronage and is played out at the highest levels of power. Modi, on the other hand, rose from nothing and reached the prime ministerial position based on huge popular support. And in retrospect, his tenure in Gujarat becomes even more important because that seems to have been his laboratory for the national campaigning and ruling strategy. In the case of Gujarat it was exercising the

latent potential of a resourceful state and creating business friendly conditions to boost growth and making the government more efficient.

4.3 Bihar's Political Landscape

Although Bihar is simply an administrative division of India, many of its issues read like those of an actual nation-state. The fact that Bihar has a population of 103 million people helps to underline this point. It also has the highest percentage of population under the age of 25 of anywhere in India. According to CK Ramachandran, ex civil servant from Bihar who was interviewed, some of the key challenges that the state faced included structural change from an agrarian economy to an industrial one. A serious setback to the state's effort in this direction was its bifurcation in 2000 when a majority of the industrial-mineral-energy base was handed over to the new Jharkhand state and Bihar witnessed an economic regression. What saved the state was the abundance of irrigated land and cheap agricultural labor. Paradoxically, the lack of agrarian reforms and the feudal nature of agrarian relations also helped the state to record impressive growth rates, albeit from a low base. He also saw the state beset with many social challenges like the grip of caste system on economic and political relations. He described it as a vicious cycle where electoral politics depended on caste equations. Because a static caste equation supported much of agrarian progress; therefore, state policy was static and could not afford to change the equations. There was Maoist and Naxal extremism, which was spreading, with the state (or even the center) incapable of tackling the problem. And Bihar was fast becoming the crime capital of the country due to

external forces (primarily the drug and arms cartel supported by rogue elements in neighboring countries) operating through a porous international border.

Bihar has had a history of failed governments, hastily cobbled together coalitions and rapidly changing alliances and loyalties. In the decades after independence the state saw the dominance of Congress much like the rest of India. The Congress years in Bihar also saw the domination of the forward castes, the Brahmins and the Kshatriyas and extreme social regressiveness and exploitation of the lower castes in the state⁵. Following the declaration of Emergency by the Indira Gandhi government in 1975 and abolishing of many constitutional rights, it was Bihar that emerged as the hotbed of a new revolutionary movement against Indira Gandhi and the Congress. Jay Prakash Narayan, an erstwhile freedom fighter, socialist and well-respected national leader, became the touchstone of this new struggle. The JP movement gradually grew into the Janata Party, which formed the government not just in Bihar but also defeated Indira Gandhi at the national level. The JP movement and the Janata Party were precursors for much of the current political power players in Bihar that include Lalu Prasad Yadav and Nitish Kumar. Following a brief Congress resurgence in the late 1980s, the state has since been

⁵ Journalistic accounts and non fiction writing from this era speaks of practices such as systematic rape and exploitation of lower caste women, virtual serfdom and bonded labor for lower caste workers on the estates of the local landlords, practices like separate wells and river sites for lower castes, denial of entry into the house or even streets of upper caste households. A government official interviewed stated, "There was a situation of statelessness. There was *Narsanhar* (caste and religion based genocides) in Bihar. *Dalits* were killed by private armies calling themselves Naxalites but the perpetrators were groups like *Ranveer Sena* and other caste based armies from Kurmi and Rajput communities".

dominated by a constantly changing coalition of the successors of the Janata Party, such as the Janata Dal, Rashtiya Janata Dal (RJD), Janata Dal United (JDU) etc. along with small local parties and independent candidates.

The 1990s were a decade dominated by Lalu Prasad Yadav as the head of the ruling party the RJD. He came into power in 1990 and either himself or by proxy through his wife Rabri Devi, was in power until 2005. Mitra (2006) and Kohli (1991) both highlight how violence became a part of politics in Bihar and ushered in a crisis of governability. Both Vote Block politics and practices like intimidation of voters and booth capturing were rampant in elections in the state. Caste was the major basis for identity in Bihar as opposed to a more regional and linguistic identity in states like Gujarat, Bengal and Tamil Nadu. As political enfranchisement was introduced, caste identities solidified into political identities as well. Some of the most backward castes in India were granted special attention and affirmative action under the constitution of India for vacancies in government jobs and educational institutions. These castes are known as the Schedule Castes (SCs) and Scheduled Tribes (STs). Many of the members of the most backward caste groups themselves identify with the term *dalit* (which means oppressed). This is also now the commonly used word in the media to identify such caste groups. In the 1980s another caste category was identified and galvanized as a lynchpin for new voter alignment. These were the other backward castes (OBCs) of which the Yadavs were a powerful group in Northeastern India, in Bihar and parts of Uttar Pradesh. Lalu Prasad Yadav created a coalition of Muslims and Yadavs to counter the Congress dominance

among the forward castes like the Rajputs and Bhumiards. Yadav was able to capitalize on the previously underutilized vote bank of OBCs and particularly his own Yadav caste members. Under him the system of patronage based power structures and voting was strengthened. The electorate was loyal, based on financial largesse and caste affiliations. The kind of “big-man” politics that characterizes large parts of elections in India, particularly in the Hindi belt, was clearly visible.

Politics and policies in Bihar have a socialist bent, and the state is expected to be a welfare state. Interviews with civil society representatives indicated that at the grassroots, there is expectation by every section of the population, divided and subdivided by religion, caste and class, for access to state mandated welfare schemes, subsidized resources etc. In a stagnant economy, access to land and natural resources and to state power were the only means of rising and gaining wealth. This attempt at redivision of resources and power disturbed pre-existing caste hierarchies and created volatility in maintenance of law and order. There were caste based massacres, and private caste based armies roamed the rural hinterlands, ready to battle each other and the state apparatus, even as they also formed unstable political alliances with the state when it suited them. In a perverse way it was violence undertaken with unofficial state backing.

In 2005 due to an inconclusive outcome of the state elections, President's Rule⁶ was declared in the state. Finally Nitish Kumar, who had split alliances with his old comrade Yadav, emerged as a viable challenger. The BJP, which was never a big power in Bihar, joined forces with Kumar and this collation government of JDU and NDA (which was led by the BJP) formed the government in the 14th State Assembly. Nitish Kumar's party was actually a minority supporter in this coalition but was chosen as the leader of the coalition due to his own stature and personal popularity among voters.

4.3.1 Bihar's Election Results

Bihar Assembly elections were held twice in 2005. There was a fractured verdict in February 2005 Assembly Election. Since no government could be formed in Bihar, fresh elections were held in October–November the same year. Tables 6, 7 and 8, based on Election Commission data, show election results in 2005 (February), 2005 (October) and 2010.

⁶ President's rule refers to Article 356 of the Constitution of India that deals with the failure of the constitutional machinery of an Indian state. In the event that government in a state is not able to function as per the Constitution, the state comes under the direct control of the central government, with executive authority exercised through the Governor instead of a Council of Ministers headed by an elected Chief Minister accountable to the state legislature. Article 356 is invoked if there has been failure of the constitutional machinery in any state of India. During President's rule, the Governor has the authority to appoint retired civil servants or other administrators, to assist him.

Table 6: Bihar 2005 Elections (February)

Party	Seats Contested	Seats Won	Seats Change	Efficiency	Vote Share
Rashtriya Janata Dal	210	75	(-)28	35.71%	25.07%
Janata Dal (United)	138	55	(+)17	25.36%	14.55%
Bharatiya Janata Party	103	37	(-) 2	35.92%	10.70%
Lok Janshakti Party	178	29	(+) 29	16.29%	12.62%
Indian National Congress	84	10	(-) 4	11.90%	5.00%
Communist Party of India (Marxist-Leninist) Liberation	109	7	(+) 1	5.50%	2.49%
Samajwadi Party	142	4	(+) 4		2.69%
Nationalist Congress Party	31	3	(+) 3		0.98%
Communist Party of India	17	3	0		1.58%
Bahujan Samaj Party	238	2	(-) 2		4,41%
Communist Party of India (Marxist)	12	1	(-) 1		0.64%
Independent	1493	17			16.16%

Source: Election Commission of India

Table 7: Bihar 2005 Elections (October)

Party	Seats Contested	Seats Won	Seats Change	Efficiency	Vote Share
Janata Dal (United)	139	88	(+)33	63.30%	20.46
Bharatiya Janata Party	102	55	(+) 18	53.92%	15.65
Rashtriya Janata Dal	175	54	(-)21	30.81%	23.45

Party	Seats Contested	Seats Won	Seats Change	Efficiency	Vote Share
Lok Janshakti Party	203	10	(-) 19	4.92%	11.1
Indian National Congress	51	9	(-) 1	17.64%	6.09%
Communist Party of India (Marxist-Leninist) Liberation	85	5	(-) 2	5.88%	2.37%
Bahujan Samaj Party	212	4	(-) 2		4.17%
Communist Party of India	35	3	0		2.09%
Samajwadi Party	158	2	(-) 2		2.52%
Nationalist Congress Party	8	1	(-) 2		0.79%
Communist Party of India (Marxist)	10	1	(-) 1		0.68%
Akhil Jan Vikas Dal	12	1	(+) 1		0.21%
Independent	766	10	(-) 7		8.77%

Source: Election Commission of India

Table 8: Bihar 2010 Elections

Party	Seats contested	Seats won	Seat change	Efficiency	Vote share	Swing
Janata Dal (United)	141	115	(+) 27	81.56%	22.61%	2.15%
Bharatiya Janata Party	102	91	(+) 36	89.22%	16.46%	0.81%
Rashtriya Janata Dal	168	22	(-) 32	13.10%	18.84%	-4.61%
Lok Janshakti Party	75	3	(-) 7	4%	6.75%	-4.35%
Indian National Congress	243	4	(-) 5	1.65%	8.38%	2.29%

Communist Party of India	56	1	(-) 2	1.79%	1.69%	-0.40%
Jharkhand Mukti Morcha	41	1	(+) 1	2.44%		
Independent	1342	6	(-) 4	-		

Source: Election Commission of India

4.4 Nitish Kumar's Political Trajectory

Nitish Kumar comes from a politically active family. He is the son of a freedom fighter. His father was active in the formation of the modern state of Bihar and an erstwhile Congress supporter who later switched to the Janata Party in the 1960s on being denied a Congress ticket to contest state elections. Kumar earned an engineering degree and worked with the Bihar State Electricity Board for a brief period but his entry into politics seemed inevitable. Nitish Kumar began his political journey in the 1970s as one of the participants in the Jay Prakash Narayan led anti Congress agitation⁷. He was an active part of Bihar politics from the 1980s and was elected to the State Assembly for the first time in 1985. For the next five years he served in the Assembly and was also the secretary general of the Janata Dal. He then contested

⁷ There have been movements time and again to oppose the dominance of the Congress Party and these movements have come up on an "ending corruption" platform and with the support of groups who have felt disenfranchised. While some anti-Congress movements have floundered or splintered into warring factional splinter groups, occasionally these political entrepreneurs were able to establish regional strongholds and develop these as power bases. Against Indira Gandhi there was the JP movement and the Janata Party that came up in opposition to the Emergency and the state associated corruption. In the aftermath of the Bofors scam that rocked the Congress under Rajiv Gandhi, VP Singh and Janata Dal came to power. And in the aftermath of major scams like 3G, Coal Block Allocation, Commonwealth Games etc. and the *Lokpal* Bill movement, the Aam Aadmi Party came into prominence.

elections at the national level from Bihar in 1990 and was a Member of Parliament for the next 15 years and served 6 terms as an MP. He briefly served as Union Minister for Agriculture in 1990 and again in 2001. He also served as Union Minister for Railways in 1998 and again in 2001-04. He returned to state politics in 2005 to serve as the 31st Chief Minister of Bihar. He was reelected in 2010. Kumar briefly resigned in 2014 following his party's humiliating performance in the national elections (winning only two seats from Bihar) and BJP's spectacular victory, anointing party member Jitan Ram Manjhi as a replacement. However he was reappointed the CM in February 2015. And he has been able to retain the CM position after victory in the 2015 state assembly elections.

There is less consensus and media hype over Nitish Kumar as a leader (especially when compared to Narendra Modi). Interviews with veteran Bihar politicians reveal Nitish Kumar as a respectable yet deeply flawed figure, who is stymied by his own ambition as well as a lack of support and the right team around him, having to maneuver multiple factions and interest groups and making numerous compromises in order to stay in power. Moreover, compared to BJP's virtually unopposed dominance in Gujarat for decades, and Modi's dominance in turn of the BJP, the political landscape of Bihar is far more competitive and volatile. Local leaders continue to often act like overlords of their caste fiefdoms and flex their political muscles in a coalition government heavily dependent on external support. Kumar has to contend with the continued popularity and relevance of his onetime ally-turned political rival-turned recent ally, Lalu Prasad

Yadav⁸. The break in the party came, with Yadav's reliance on an increasingly small winning coalition and the ouster of Kumar, who opposed Yadav's style of governing and was a potential threat. At the same time, Kumar's own political career could not be furthered in a party with Yadav at the helm. He therefore broke from RJD and formed JDU.

Reengineering the Electorate and Policy Innovations – As a leader Nitish Kumar was able to develop a sense of Bihari identity and pride among the people of the state. It was not easy for him to create his coalition of support. As CK Ramachandran explained in his interview, mere existence of grievances or a shared perception of injustice would not ensure the formation of a purposive political coalition. This required skillful welding together of competing demands and aspirations, negotiating simultaneously at the political level with the BJP and at the social level with the caste groups, often with overlapping leadership. Nitish had to make major compromises to appease the upper castes by agreeing to not only appointing a commission to enquire into the 'backwardness' among upper castes, but also winding up a judicial commission which had almost completed its enquiry into the culpability of certain prominent upper caste leaders of a private army called *Ranvir Sena* which was guilty of grave atrocities.

⁸ For instance, Nitish Kumar was Minister for Railways with the BJP led NDA government and was reasonably successful in his tenure, developing his reputation for integrity and efficiency. However Lalu Prasad Yadav later occupied the same portfolio under the Congress led UPA government with seemingly greater success and was lauded in the media and globally for a turnaround in the performance of the Indian Railways, managing to make it profitable.

Ramachandran further believed that in light of the highly factional nature of Bihar's political elites, the political settlement arrived at among the coalition partners was a major achievement. The settlement addressed the concerns of each of the dominant elites: protection of the property rights of the upper caste Hindus; speedy prosecution of the perpetrators of atrocities against the Muslims, adequate representation in the public services, promotion of Urdu language spoken mostly by the Muslims and construction of compound walls around the Muslim graveyards which were being encroached upon by the musclemen in the rural areas; identification of the most backward among backward classes which virtually meant exclusion of Yadavs who had enjoyed the benefits of the affirmative policy. Finally the Scheduled Castes (*dalits*) obtained a package of measures in addition to identification of the extremely poor among them, which was a ploy to keep out the Dussad community, which had shared power and privileges during the previous Lalu regime. Following the continuing rise of Modi within the BJP, in June 2013 the stable 17-year long old BJP-JDU coalition came to an end after 8 years in power and recently Kumar, in a politically opportunistic move, forgot old enmities, partnered again with his old rival Lalu Yadav and won the 2015 Bihar state elections.

CHAPTER 5. UNDERSTANDING POLITICAL ENTREPRENEURSHIP AND WINNING STRATEGIES: EVIDENCE FROM GUJARAT

This case study began as an exploration to understand some of the rapid changes taking place in a very important region of India, which were creating an impact on the rest of the country. The interest to undertake this case study was aroused initially by the intense media interest around a perceived change in Gujarat, and the extraordinary popularity of its leader Narendra Modi and the results was said to be achieving. In this chapter I analyze the 12-year tenure of the Narendra Modi-led BJP government from 2002-2014, examining some crucial policy initiatives taken by the leader of the state as well as his electoral strategy for his state assembly elections and beyond.

To highlight again, this research examines how good governance become a winning strategy for a political leader and did it emerge as a winning strategy in Gujarat? Do we need a political entrepreneur to recognize a window of opportunity in policy making and voters and does he play a role in making good governance a winning strategy (apart from other possible factors such as anti-incumbency, breakdown of law and order, public expectations, corruption). This chapter looks at the transformation in Gujarat since the era of economic reforms and the state of governance in the state during this time period. I will present evidence for why Modi can be considered a political entrepreneur, reasons for his repeated electoral successes and his strategic behavior in terms of

policymaking, creating voter support and building his personal brand. I explore the political networks surrounding Modi and the winning coalitions that he has drawn on to maintain power. Evidence for the propositions being examined in this chapter is from interviews with selected stakeholders, and data collected from government sources as well as media reports. I provide data on some macro indicators for Gujarat under Modi and policy initiatives undertaken by the government that have been highlighted in the media and by the party campaign machine. The next section details the translation of Modi's extraordinary success in Gujarat to a much larger scale and his campaign and victory in the 2014 National Elections, which ended with Modi assuming the post of the 15th Prime Minister of India. In the final section, I move on to examine the propositions explored in this case study.

5.1 Macro Indicators and Policy Innovations by the Gujarat Government

There have been macro level indicators of the progress made by the state government in increasing growth of Gross State Domestic Product, in poverty alleviation and in improving the fiscal performance of the state. Table 9 shows the decline in poverty numbers for the state, which were consistently below the national average:

Table 9: Gujarat and All India Poverty Numbers (% of population below poverty line)

	2004-05			2009-10			2011-12		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Gujarat	39.1	20.1	31.6	26.7	17.9	23	21.5	10.1	16.6
All India	42	25.5	37.2	33.8	20.9	29.6	25.7	13.7	21.9

Source: Planning Commission

Table 10 highlights the growth rates for Gujarat's GSDP compared to the growth in the National Product.

Table 10: GSDP Growth Rates in Gujarat (% per year)

Year	Growth Rate	All India
1995-96	-13.9	7.29
1996-97	23.8	7.97
1997-98	-3.85	4.3
1998-99	7.59	6.68
1999-2000	3.68	7.59
2000-01	16.04	4.3
2001-02	-4.73	5.52
2002-03	11.82	3.99
2003-04	-5.15	8.06
2004-05	12.17	6.97
Average	4.7	6.27
2005-06	0.17	9.48
2006-07	15.69	9.57
2007-08	5.72	9.32
2008-09	12.16	6.72
2009-10	7.09	8.59
2010-11	11.29	8.91
2011-12	13.26	6.69
2012-13	10.73	4.47
2013-14	9.12	4.74
Average	9.5	7.61

Source: Central Statistical Organization

Overall during the period of Modi's rule, from 2002-12, the state had an average real GSDP growth rate of 10.0% in the Tenth Plan period (2002-07) and 11.2% in the Eleventh Plan period (2007-12). This was a sharp jump from the 2.8% growth rate in the preceding Ninth Plan period (1997-2002). The Modi government has obviously been given much of the credit for this, although India itself was experiencing a period of economic growth in the first decade of the new millennium, which was reflected in state level performances.

The state's fiscal deficit levels have also been consistently below the national average for states during the decade of Modi's government. Gujarat has been consistently among the top ranked states in the Economic Freedom Rankings for Indian states and has been improving its performance during the Modi years, as indicated in Table 11. The emphasis on making the state business friendly has been a key policy platform for the BJP in general and for the Modi government in particular. As the following table shows, in 2005 Gujarat was ranked number 5 in overall Economic Freedom Rating, moving up to Rank 2 in 2009 and ranking first in 2011. In Regulation of Labor and Business ranking for states, Gujarat was consistently ranked first in 2005, 2009 and 2011. The above figures give a sense of Gujarat's performance on Development/Equal Access as well as Peace and Stability Indicators within governance, as reflected by economic freedoms.

Table 11: State Economic Freedoms Scores and Ranks

States	2005		2009		2011		2013	
	Overall	Rank	Overall	Rank	Overall	Rank	Overall	Rank
Gujarat	0.46	5	0.57	2	0.64	1	0.65	1
Tamil Nadu	0.57	1	0.59	1	0.57	2	0.54	2
Andhra Pradesh	0.4	7	0.51	3	0.51	6	0.5	3
Haryana	0.47	4	0.47	4	0.55	4	0.49	4
Himachal Pradesh	0.48	3	0.43	5	0.52	5	0.47	5
Madhya Pradesh	0.49	2	0.42	6	0.56	3	0.47	6
Rajasthan	0.37	12	0.4	7	0.43	8	0.46	7
Chattisgarh	0.33	16	0.33	15	0.41	11	0.44	8
Karnataka	0.36	13	0.34	13	0.42	9	0.43	9
Kerala	0.38	10	0.36	10	0.42	10	0.42	10
Maharashtra	0.4	9	0.36	10	0.39	13	0.42	11
Jammu and Kashmir	0.34	15	0.38	8	0.46	7	0.41	12
Punjab	0.41	6	0.35	12	0.39	12	0.4	13
Uttarakhand	0.33	17	0.26	19	0.38	14	0.3	14
Orissa	0.37	11	0.31	17	0.34	17	0.36	15
Uttar Pradesh	0.35	14	0.34	13	0.35	16	0.36	16
West Bengal	0.31	18	0.33	15	0.32	18	0.35	17
Jharkhand	0.4	9	0.38	8	0.31	19	0.33	18
Assam	0.3	19	0.29	18	0.36	15	0.32	19
Bihar	0.25	20	0.23	20	0.29	20	0.31	20

Source: Economic Freedom of the States of India (2013)

Another good indicator of the quality of governance is the ease of doing business in a region. Under the leadership of the Modi government at the national level, in December 2014, Indian states agreed to a 98-point action plan to suggest potential reforms that should be undertaken to improve the regulatory framework for business nationwide. The 2015 Assessment of State Implementation of Business Reforms takes stock of the progress made by each State and Union Territory up to June 30, 2015 in addressing this. It assesses implementation status of reform measures across the following eight areas: i) setting up a business; ii) allotment of land and obtaining construction permit; iii) complying with environment procedures; iv) complying with labor regulations; v) obtaining infrastructure related utilities; vi) registering and complying with tax procedures; vii) carrying out inspections; and viii) enforcing contracts. Based on this assessment, Table 12 shows the subsequent rankings of Indian states.

Table 12: Ranking of Indian States on Ease of Doing Business (2015)

State	Rank	Score
Gujarat	1	71.14%
Andhra Pradesh	2	70.12
Jharkhand	3	63.09
Chattisgarh	4	62.45
Madhya Pradesh	5	62.00
Rajasthan	6	61.04
Orissa	7	52.12
Maharashtra	8	49.43
Karnataka	9	48.5
Uttar Pradesh	10	47.37
West Bengal	11	46.9

State	Rank	Score
Tamil Nadu	12	44.58
Telangana	13	42.25
Haryana	14	40.66
Delhi	15	37.35
Punjab	16	36.73
Himachal Pradesh	17	23.95
Kerala	18	22.87
Goa	19	21.74
Puducherry	20	17.72
Bihar	21	16.41
Assam	22	14.84
Uttarakhand	23	13.36
Chandigarh	24	10.04
Andaman and Nicobar	25	9.37
Tripura	26	9.29
Sikkim	27	7.23
Mizoram	28	6.37
Jammu and Kashmir	29	5.93
Meghalaya	30	4.38
Nagaland	31	3.41
Arunachal Pradesh	32	1.23

Source: Assessment of State Implementation of Business Reforms, 2015

Again, one sees that Gujarat is ranked at the top. (Bihar's low rank of 21 will be touched upon in the next chapter). But in the case of Gujarat such rankings indicate a business friendly environment with relatively lower levels of corruption and a good quality of governance. However, as we will see in the next section, despite scoring well on indicators of governance and ease of doing business etc., Gujarat still lags behind other major states on certain social indicators, which the government was addressing in a visible and targeted manner to get its message across

This dissertation has previously touched upon some of the innovation at the level of branding and voter base in the background section on Gujarat and Modi in the previous chapter. I next focus on some policy innovations of the Modi government. As with most policymaking, many of these proposals were already under consideration by previous governments and leaders, for instance unbundling of state electricity board and the nationwide thrust on E-governance. However, the Modi government was tasked with the implementation and refinement of many of these schemes and claimed credit for the success of these programs and their use as a template by other states in the country.

Reforms in the Energy Sector – In 2001, Gujarat was performing poorly in the energy sector. The Gujarat State Electricity Board (GSEB) had posted losses of more than \$300 million (Rs. 22.46 billion), there were high transmission and distribution losses and frequent power cuts and load shedding. Reforming GSEB was crucial. According to state minister for Industries and Power, Saurav Patel, the CM realized that electricity was crucial for industrial and agricultural growth and shortfalls in this area could derail his vision for the state's growth Gujarat was thus the first state that restructured its monolithic electricity board. Senior bureaucrat Manjula Subramaniam, entrusted by Modi to take on this task, supervised much of the transition. GSEB was reorganized effective from April 1, 2005 into seven companies with functional responsibilities of Trading, Generation, Transmission and Distribution of power. The new companies incorporated were:

- Gujarat Urja Vikas Nigam Ltd. (GUVNL) - Holding Company
- Gujarat State Electricity Corp. Ltd. (GSECL) - Generation
- Gujarat Energy Transmission Corp. Ltd. (GETCO) - Transmission
- Uttar Gujarat Vij Company Ltd. (UGVCL)- Distribution
- Dakshin Gujarat Vij Company Ltd. (DGVCL) – Distribution
- Madhya Gujarat Vij Company Ltd. (MGVCL) – Distribution
- Paschim Gujarat Vij Company Ltd. (PGVCL) – Distribution

Unbundling of GSEB into separate generation, transmission and distribution wings improved overall electricity provision in the state. In 2001, Gujarat was a power deficit state and by the end of 2012 it was a power surplus state. Installed capacity in Gujarat rose from 5,727 MW in 2005 to 13,252 MW in 2009 and 23,927 MW in 2012. Gujarat is second only to Maharashtra in terms of total installed capacity and has the highest per capita installed capacity of all the states in India. This dramatic improvement in the power situation in the state has benefitted large and small-scale industries. The state has a number of private generation and distribution companies. The state government has made efforts to promote renewable power generation and Gujarat is one of the states with the highest share of wind-powered energy, totaling close to 3200 MW. It leads the states in share of solar power generation in India; accounting for 857 MW out of the total 2000 MW installed capacity nationwide.

Simultaneously, the government focused on plugging the leakages in distribution. Power thefts in Gujarat ranged between 20% in urban areas and 70% in rural regions in 2001. The state government passed a law against power thefts and set up five police stations across the state, solely to nab such thieves. Stringent action began against those who ran up large power bill arrears, including disconnecting their supply. Unmetered power supply, which some rural areas were getting, was stopped altogether, with GSEB entering into a structural loan re-adjustment with Asian Development Bank to fund the installing of meters. The state reduced its total transmission and distribution losses from 30% in 2003 to 20% by 2011 (although they still remain higher than many other states). The holding company, GUVNL, has consistently reported profits over the last five years. In 2012, GUVNL's profits were above \$80 million.

Minister Saurav Patel revealed that the next thrust area for the state was the Jyotigram Yojna (JGY), a scheme for improved rural electrification and 3-phase power supply to all categories of consumers in rural areas. Quality power is supplied for 8 hours to agricultural consumers from dedicated agricultural feeders. The Modi government was able to have complete separation of electrical feeders in rural areas to distinguish commercial and personal use. The Gujarat state is unique in not providing the easy vote pleasing option of free power to rural users. However, it does provide reliable round the clock power supply, even in rural areas. And stakeholder interviews reveal that the farm community in Gujarat is willing to pay for electricity if it is assured reliable supply of power. The state government has won numerous awards for the success of its power

sector such as State Power Utility Award, Power India Excellence Award, and Infrastructure Today KPMG Award.

E-Governance – A second innovation in design and implementation had been the government’s adoption of E-governance in order to reduce the red tape and petty corruption in the state’s public dealing with its citizens. Thus Gujarat had launched the much-lauded “One Day Governance” (ODG) scheme and the SWAGAT grievance redressal scheme. While there has been a nationwide thrust towards E governance, with the support of the central government, Gujarat, Maharashtra, Andhra Pradesh, Tamil Nadu and Karnataka have been the states on the forefront in adopting these measures. According to Sanjay Gaden, one of the officials in the state’s IT department who was interviewed for this dissertation, the ODG scheme in Gujarat suggested by Modi was launched with the intention of making eight services available to citizens across the counter in one hour, once all the required check list documents are submitted by the applicant. The initiative started in the city of Vadodra in 2003. The citizens were charged a token fee for this service and the government partnered with external software service providers to create the online interface that the public would access.

Other E-governance related initiatives of the state government include launching the Gujarat State Wide Area Network or the GSWAN. This network connects 7 Districts on 8 Mbps and 18 Districts on 4 Mbps to the State Center at Gandhinagar. It connects 225 Talukas to 25 District HQ on 2 Mbps leased circuits. It interconnects more than 3000

District and Taluka level government offices, using Broad Band connectivity and facilitates uninterrupted and easy IP based Video-conferencing between various government offices.

Having such connectivity assists in efficient implementation of the grievance redressal initiative called State Wide Attention on Grievances through Application of Technology (SWAGAT). As per government sources, on the fourth Thursday of every month applicants arrive at the CM's office in the morning. Grievances are scrutinized, registered and instantly transmitted online to the concerned authorities at the Secretariat level, District level and Sub-District level, and the concerned authorities input their replies by afternoon. From 3 pm onwards that day, the Chief Minister personally listens to the each applicant. The grievances, as well as the replies of the concerned authorities, are available through the system on a screen. The concerned department secretaries are present along with the CM, for direct interaction with the aggrieved citizen, and district authorities are connected through video-conferencing. After listening to all the aspects of the case from all sides, necessary instructions are given for resolving the grievance. A record is maintained in the SWAGAT database and a separate log is maintained for each case. There is a focus on monitoring the cases to ensure solutions are made according to instructions given by the Chief Minister. Citizens can view the status of their application online, using their allotted password and login at local Government Offices and at any internet access point. Grievances are only eligible if they have already been presented to the appropriate authorities (such as the Sub-District Officer or the District Officer), and

have not been resolved at this level. Cases for attention of the Chief Minister are selected from ones that are long-standing issues, acute humanitarian issues, difficult to resolve at other levels of government and those that have larger policy implications. According to state government resources, “the positive impacts realized by the State level SWAGAT gave drive to expand the system to 225 Sub-District offices in 2008, for greater accessibility to the public. Thus the geographical scope covers all of the 55 million citizens and 225 Sub-District of the State. At the District level SWAGAT session, the district authorities hear the public grievances on the same day. At the Sub-District level, a SWAGAT grievance redressal session is held on every fourth Wednesday, i.e. one day prior to District and State level SWAGAT. The software application also enables an online review of Sub-District SWAGAT, District SWAGAT and State SWAGAT outcomes”. Debroy believes E-governance is part of the answer to improving governance in Gujarat since it reduces the human interface and takes away the personal subjectivity and impediments that may lead to corruption and favoritism. The reforms in the power sector and E governance also indicate Gujarat’s performance in terms of Efficiency, Small Government and reducing Red Tape, within indicators of governance.

Chintan Shivirs and Team Gujarat – One of the key themes that emerged from stakeholder interviews with senior members of the bureaucracy, state ministers and lower level government officials is the creation of an all-encompassing idea of Team Gujarat in governing the state and having a vision and plan for the future. Bureaucrats interviewed, such as AK Sharma and GC Murmu, explain that the idea of Team Gujarat has helped

encourage officers with innovative ideas to come forward and bring them up in cabinet meetings and to implement them independently in the departments they control. At the same time, none of the government departments are islands, instead each department is supposed to be open to learning and critical feedback from others. Much of this notion of team building, learning from innovation and best practices of others and incorporating suggestions and critical feedback is done through weekend retreats called “Chintan Shivirs” which roughly translates to “Thinking Camps” which are attended by the bureaucracy, cabinet ministers and the Chief Minister. This is an innovation by the state government, which had yielded excellent results in boosting officer morale and bringing forth ideas that are discussed in an open forum. It has also made government officials more invested and more likely to take ownership of their departments and their work and allowed them unprecedented access to the Chief Minister. Another key innovation is the insistence by the Chief Minister’s Office that the senior bureaucrats and Ministers spend some days in the rural hinterlands and remote areas of the state; where the social policies, such as those for girl child education, or improved health services are under implementation, so they can personally interact with the beneficiaries and see impediments that may come up. An insistence on this level of investment of time and stay in rural areas by high-ranking officials is unique among Indian states.

As explained in a framework outlined by Debroy (2012), in order to reduce corruption the state is seen to have followed a multi-pronged approach of reforming civil services, as described above. Secondly, there is the existence of independent anti-

corruption bodies. The monopoly of public sector services had been curtailed by encouraging and enabling private sector collaborations and delivery in power, infrastructure, health and education. There is a need to make public procurement more transparent, on which the state has focused. Finally, as interviews with stakeholders showed, there is a strong and vibrant civil society in Gujarat, capable of acting as a watchdog and exerting countervailing pressure. The following table highlights the performance of Gujarat, as well as the second case, Bihar in anti-corruption efforts. The table shows the index rankings of major Indian states on anti-corruption efforts. According to Debroy (2012), there are considerable state level variations in handling corruption cases and “the state level variations are brought out with the help of an index constructed using data from 4 five year periods – 1990-1995, 1996-2000, 2001-2005 and 2006-2010. Annual data were first aggregated for each of these periods and the following ratios were created: number of persons arrested out of every 1000 government employees; cases charge sheeted as a share of total cases investigated; cases sent for trial or departmental action as a share of those charge sheeted; proportion of cases that resulted in recoveries out of total cases investigated; proportion of cases that resulted in convictions as a share of trials; and the proportion of persons who were finally charge sheeted as a share of those in custody or bail. These six ratios were normalized using the standard maxmin approach and then aggregated with equal weights” (Debroy, 2012). As Table 13 shows, both Gujarat and Bihar rank highly in anti-corruption efforts and the transparency aspect of governance.

Table 13: Ranking of Major Indian States on Anti-Corruption Efforts

States	1990-5	1996-2000	2001-2005	2006-2010
Bihar	0.41	0.3	0.43	0.88
Gujarat	0.48	0.57	0.64	0.69
Andhra Pradesh	0.53	0.73	0.55	0.61
Punjab	0.32	0.46	0.46	0.6
Jammu and Kashmir	0.13	0.32	0.17	0.4
Haryana	0.33	0.6	0.31	0.37
Himachal Pradesh	0.26	0.14	0.23	0.35
Uttaranchal			0.32	0.33
Tamil Nadu	0.19	0.2	0.24	0.29
Madhya Pradesh	0.23	0.22	0.31	0.29
Karnataka	0.24	0.19	0.2	0.29
Rajasthan	0.27	0.23	0.26	0.27
Kerala	0.16	0.2	0.22	0.27
Maharashtra	0.45	0.29	0.27	0.26
Chattisgarh			0.34	0.24
Uttar Pradesh	0.11	0.11	0.16	0.21
Orissa	0.22	0.16	0.15	0.19
Assam	0.21	0.02	0.14	0.17
Jharkhand		0.25	0.17	
West Bengal	0.11	0.08	0.03	0.01

Source: Debroy (2012)

Special Schemes for Socially Backward Sections of Population – When it comes to health and education indicators, Gujarat lags behind some other highly ranked Indian states such as Kerala. This is also one of the main critiques of the so-called “Gujarat Development Model” as highlighted by Dreze and Sen (2013), where social progress is sacrificed in favor of improving the business environment in the state and catering to the demands of industry and big business, as opposed to investing more in welfare oriented schemes. For example, as Table 14 shows, Gujarat’s ranking on infant

mortality rates in much lower than many other major Indian states. In response to its low ranking, the state government has launched some specific and targeted schemes. It is also interesting to note that these schemes were highlighted by each and every stakeholder from the government that was interviewed, indicating that the message that is given to outsiders is very clear and consistent. In education indicators also, Gujarat lags behind many other Indian states. Table 15 provides the enrolment ratios for traditionally backward and disadvantaged population groups like the lower castes and the girl child. On both these indicators, Gujarat lags behind in enrolment ratios compared to states like Andhra Pradesh, Kerala, Manipur, Tripura, Tamil Nadu and even Uttar Pradesh and Chhattisgarh. And the terms of enrolment ratios for scheduled castes, even Bihar is ahead of Gujarat.

Table 14: Infant Mortality Rates in Indian States

States/Union Territories	2009			2010			2011		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
Kerala	10	13	12	13	14	13	11	13	12
Puducherry	25	20	22	22	22	22	17	20	19
Mizoram	33	38	36	36	39	37	31	37	34
Manipur	14	18	16	11	16	14	8	15	11
Andaman & Nicobar Islands	29	25	27	24	27	25	19	27	23
Lakshadweep	21	29	25	21	29	25	27	20	24
Chandigarh	26	23	25	20	25	22	21	19	20
Goa	7	14	11	6	15	10	7	14	11
Arunachal Pradesh	31	34	32	31	32	31	33	31	32
Jammu & Kashmir	41	51	45	41	45	43	40	41	41
Maharashtra	28	33	31	27	29	28	24	25	25
Tripura	33	30	31	25	29	27	29	29	29
Delhi	31	34	33	29	31	30	25	31	28
Meghalaya	59	59	59	55	56	55	52	52	52
Sikkim	35	33	34	28	32	30	23	30	26
Tamil Nadu	27	29	28	23	24	24	21	23	22
West Bengal	33	33	33	29	32	31	30	34	32
Punjab	37	39	38	33	35	34	28	33	30
Karnataka	41	42	41	37	39	38	34	35	35
Dadra & Nagar Haveli	38	37	37	36	40	38	35	36	35
Gujarat	47	48	48	41	47	44	39	42	41

States/Union Territories	2009			2010			2011		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
Himachal Pradesh	44	45	45	35	47	40	36	39	38
Andhra Pradesh	48	50	49	44	47	46	40	46	43
Bihar	52	52	52	46	50	48	44	45	44
Haryana	48	53	51	46	49	48	41	48	44
Assam	58	64	61	56	60	58	55	56	55
Rajasthan	58	61	59	52	57	55	50	53	52
Uttar Pradesh	62	65	63	58	63	61	55	59	57
Madhya Pradesh	66	68	67	62	63	62	57	62	59
Odisha	65	66	65	60	61	61	55	58	57
Nagaland	23	28	26	19	28	23	15	26	21
Daman & Diu	21	28	24	22	23	23	17	27	22
Chhatisgarh	50	57	54	48	54	51	47	50	48
Jharkhand	42	46	44	41	44	42	36	43	39
Uttarakhand	41	42	41	37	39	38	34	38	36

Source: Government of India

Table 15: State-wise Enrolment Ratio (Grades I-VIII) for SCs and Girls

State/UT	Percentage of SC Population Census 2011	Percentage of SC Enrolment 2010-11	Percentage of SC Enrolment 2011-12	Percentage of SC Enrolment 2012-13	Percentage of Girls Enrolment 2010-11	Percentage of Girls Enrolment 2011-12	Percentage of Girls Enrolment 2012-13
A & N Islands	0.00	0.39	0.42	0.00	32.52	42.15	0.00
Andhra Pradesh	16.40	18.51	18.76	18.91	49.26	49.31	49.15
Arunachal Pradesh	0.00	0.27	0.56	0.90	46.98	47.56	46.44
Assam	7.20	9.41	9.27	9.06	49.60	49.61	49.69
Bihar	15.90	18.28	18.76	19.28	47.27	48.03	48.75
Chandigarh	18.90	10.32	10.35	8.94	46.45	46.05	45.78
Chhattisgarh	12.80	14.81	14.79	15.91	49.13	49.26	49.40
Dadra & Nagar Haveli	1.80	2.39	2.27	2.01	45.58	44.53	45.74
Daman & Diu	2.50	4.32	3.72	3.27	46.46	46.90	48.86
Delhi	16.80	10.26	10.01	10.52	48.17	48.39	49.24
Goa	1.70	1.97	1.74	1.85	49.16	49.01	49.61
Gujarat	6.70	7.70	7.60	7.59	46.46	46.51	46.74
Haryana	20.20	27.94	26.80	26.13	47.50	47.32	47.60
Himachal Pradesh	25.20	28.09	28.06	29.46	48.41	48.50	48.87

Jammu & Kashmir	7.40	8.42	8.03	7.93	46.73	46.64	47.16
Jharkhand	12.10	14.44	14.73	14.81	48.51	48.56	49.19
Karnataka	17.10	18.96	19.25	20.24	46.39	47.94	48.14
Kerala	9.10	10.66	9.75	9.54	48.10	48.40	48.24
Lakshadweep	0.00	0.07	0.36	0.22	57.14	45.95	66.67
Madhya Pradesh	15.60	17.21	17.20	17.63	49.56	49.44	49.00
Maharashtra	11.80	14.32	14.15	13.98	47.93	47.89	48.04
Manipur	3.80	4.25	4.39	4.83	50.36	50.99	50.15
Meghalaya	0.60	1.10	1.12	1.12	48.42	48.70	47.34
Mizoram	0.10	0.24	0.23	0.22	47.24	47.06	45.96
Nagaland	0.00	0.02	0.07	2.26	53.47	47.33	47.79
Odisha	17.10	19.45	19.05	19.73	49.02	49.01	48.89
Puducherry	15.70	19.26	19.04	18.42	49.23	49.01	50.34
Punjab	31.90	37.85	38.19	41.29	46.32	46.34	46.77
Rajasthan	17.80	20.23	20.49	20.37	45.81	46.36	47.14
Sikkim	4.60	7.26	7.47	7.36	50.19	49.85	49.37
Tamil Nadu	20.00	24.41	24.25	24.37	48.89	48.89	49.23
Tripura	17.80	19.65	19.48	17.93	49.29	49.19	48.53
Uttar Pradesh	20.70	27.94	26.94	27.74	49.30	49.00	49.07
Uttarakhand	18.80	25.81	25.70	24.83	48.99	48.92	48.77
West Bengal	23.50	26.55	27.24	27.12	49.46	49.33	48.68
All States	16.60	19.06	19.80	20.24	48.50	48.49	48.64

Source: Government of India

Given that the state's performance on education indicators like enrollment ratios dropout rates and infrastructure facilities in schools is not on par with the national average, the state government emphasizes schemes targeted towards these sectors and vulnerable groups. Thus, initiatives like the *Kanya Kelavani Yojna* and Vidyalakshmi Education Bond schemes (to encourage girl child education), the *Van Vandhu Kalyan Yojna*, to improve social infrastructure access for tribal communities were consistently emphasized by ministers and bureaucrats that were interviewed. Another project initiated under Modi, which is widely publicized, is the *Gunotsav*, to test the *quality* of education being provided by the schools in the state. Dreze and Sen find that states such as Maharashtra, Tamil Nadu, Andhra Pradesh and Kerala continue to remain ahead of Gujarat in terms of education and skill formation among youth. Gujarat's sex-ratios and the reach of health provision infrastructure across the state also remain well below national average. The state government highlights the *Chiranjeevi Scheme* and the *Amrutam Scheme* as its two flagship initiatives to encourage public-private partnership in healthcare provision, where the private sector can step in to meet the shortfall in state government healthcare provision services and the government pays the private sector providers.

5.2 Recent Developments: The 2014 National Elections and the “Gujarat Model” at the National Level

Modi’s rise to Prime Minister came on the back of his success in Gujarat, which his party and the nation took note of. It was also because of his astute campaigning. As Ullekh NP recounts, when it came to the national elections the RSS and BJP wanted a new leader who could lead BJP from the front. The RSS met in March 2013 and RSS chief Mohan Bhagwat decided that Narendra Modi, coming off of his three successful terms in Gujarat would be BJP's national candidate. This was despite reports of differences between Modi and Bhagwat. On 8 June 2013, Modi was appointed Chief Campaigner at BJP's National Executive Meeting in Goa. The RSS later had to spring into action to further elevate Modi to the Prime Ministerial candidate. The RSS was impressed by Modi’s public perception of a modernizer with reformist zeal as evidenced by his stint in Gujarat. Therefore, Gujarat was also crucial to Modi’s selection and national victory. According to Ullekh “Modi had earned – whether thanks to his own publicity apparatus or not - a name for himself as a man of words and deeds”. Ullekh describes Amit Shah, Modi’s chief strategist, as a ruthless relentlessly driven organizer of the BJP and Modi's comrade for 33 years. He, along with RSS support, scouted out the Varanasi territory in Uttar Pradesh as the ideal place for Modi to contest at the national level. Shah believed it would allow them to boost BJP’s popularity in the *poorvanchal* region and throughout Hindi belt, and motivate the flagging spirit of the BJP and RSS cadres, a full year before Modi was even announced as the Prime Ministerial candidate. The Varanasi seat is hugely dependent on the Muslim and Dalit vote that has the potential

of being a significant game changer for the victory of a candidate. Campaigners like RSS leader Krishna Gopal took feedback from local leaders of each constituency to nominate candidates based on the local estimate of their winability. Shah was described as a one man army and was crucial for BJP victories. He selected candidates with a good chance of victory, even if it meant ruffling party leader egos. He was used a carrot and stick approach to bring around ruffled and errant party members denied an election ticket and to get them more involved in the polls as active campaigners and mentors.

There was also a reengineering of the electorate, not dissimilar to Modi's early victories in Gujarat. The *Jat* community-Muslim relations in Uttar Pradesh, which was a key victory needed for Modi's national campaign, changed. Such changes are also expected in Bihar and Karnataka, the other key states in the national elections and also ones where assembly elections are coming up. Ullekh NP and PR Ramesh write "Once amiable Jat-Muslim relations in western UP have been upset by recent outbreaks of violence, especially the Muzaffarnagar riots sparked off by reports of Muslim youths harassing a Dalit girl. Soon, Jats joined hands with Dalits, resulting in a conflagration that claimed at least 43 lives. While the veracity of such reports has been questioned, it is evident that the famed camaraderie between Jat Hindus and Muslims has come apart." This change in the Jat-Muslim relations clearly helped the BJP. Analyzing how this change in Jat-Muslim relations clearly helped the BJP, Ullekh NP and PR Ramesh state, "Prior to the Muzaffarnagar riots, Jats in this part of India's most populous state had never lent their support to Scheduled Castes. This unsettling of social and political

equations in the region (where Muslims account for 26% of the population) will play a crucial role in the next polls.” The Modi campaign machine, having secured Uttar Pradesh and the rest of the Hindi belt, used social media very effectively to coopt new segments of the voter base. However despite the campaigning, and the alliance building, the scope of Modi’s electoral victory still surprised most analysts as Modi came to power on a sole BJP majority, without needing any coalitional alliances.

Modi as Prime Minister – Modi has created a team of academia and civil society experts at the national level to advise on policy making. Modi’s government appointed renowned journalist and writer MJ Akbar as the national spokesperson for BJP, and expectations are high that he will play a pivotal role in promoting Narendra Modi the leader to the world. Similarly, scholars like Arvind Pangariya, Bibek Debroy, and Arvind Subramnian have been Prime Ministerial appointments to Niti Aayog, the government’s replacement for the Planning Commission. Despite steps to enhance its public image and policymaking credentials, the Modi government at the national level has faced criticism from Amnesty International, who believe that under the new regime India has witnessed a rise in communal violence and its Land Acquisition Ordinance has put thousands of Indians at “risk” of forcible eviction according the organization’s 2015 Annual Report. “However, the government took steps towards reducing requirements to consult with communities affected by corporate-led projects,” Amnesty said in its report. The report highlighted that, “the authorities continued to violate people’s rights to privacy and freedom of expression. There was a rise in communal violence in Uttar Pradesh and some

other states and corruption, caste-based discrimination and caste violence remained pervasive.” In reference to communal violence, it noted that, “A string of communally charged incidents in Uttar Pradesh prior to elections led to an increase in tensions between Hindu and Muslim communities...Politicians were accused of and in some cases criminally charged with making provocative speeches...In December, Hindu groups were accused of forcibly converting several Muslims and Christians to Hinduism,” the report said and also noted that, “in December, the government passed a temporary law which removed requirements related to seeking the consent of affected communities and assessing social impact when state authorities acquired land for certain projects”. The report noted that thousands of people remained at risk of being forcibly evicted from their homes and lands for large infrastructure projects such as tribal Adivasi (tribal) communities living near new and expanding mines and dams.

Although the Modi government grapples with human rights issues, at the macro level, following a pattern similar to the Gujarat model, it has focused on improving economic growth and the business environment. Modi government has benefitted from India’s growth rate surpassing China as new figures based on rebasing the forecasts to the new base year were released and growth rate of 7.5% for 2014 was determined. Even if one may question the overall health of the economy, there is marked improvement from 2013. The diminishing oil and commodity prices have helped India. Inflation has also been declining as a result and interest rates having been cut by RBI in January 2015, from 8% to 7.75%. In the national budget presented in 2015, many of Modi’s policies were

very pro-middle class and pro-big business as opposed to the more welfare oriented pro-poor schemes of the Congress. In 2004, a similar policy orientation had been part of BJP's defeat in the national election and a victory for the Congress. But Modi is confident of his vision. In Modi's budget, there is huge thrust on infrastructure investment, ease of doing business, more PPPs, increasing FDI caps and allowing foreign private equity, among other things. But there is a rising fiscal deficit and it is expected to be funded by non-tax receipts like partial privatization. He has also tabled a controversial land acquisitions bill, wealth tax has been slashed, there is greater devolution of funds to states and some centrally supported state schemes have seen removal of central support. Modi government committed to greater devolution of funds from the center down to the states. Therefore it is planning to remove support from eight centrally controlled schemes. This is in line with the government's vision of cooperative federalism. Schemes of Congress era, such as the Jawaharlal Nehru National Urban Renewal Mission, have nearly been phased out; with the allocations going to the government's new 100 Smart Cities scheme. This scheme is similar to the urban development initiatives Modi had undertaken in Gujarat in cities like Ahmedabad.

The political aspect of the budget was not overlooked. Finance Minister Arun Jaitley proposed that special assistance be provided to the states of Bengal and Bihar. This special assistance may have been delivered in view of the polls in the states of Bengal and Bihar in 2015 and in 2016 respectively. With its budget, the BJP is looking to expand its alliances all over the country, for example reaching out to Telugu Desam Party

(TDP), Shiromani Akali Dal, potential ally Telangana Rashtra Samiti (TRS) and Christian minorities in the state of Goa (where BJP is in power currently). The government's ally states are slated to get management and medical colleges like the IIM and AIIMS institutes. This is generally a visible, tangible show of support welcomed by the people in these states. Similar to the targeted schemes described in Gujarat, many well-publicized flagship schemes close to the Prime Minister's vision have been launched at the national level. These include, "Make in India" scheme to boost local manufacturing, "Skill India" to impart training and improve the skill levels of the labor forces, "Digital India" to bring large parts of the country into the digital age and make them better connected and the "Clean India" campaign to create civic awareness and hygiene.

Modi is also emerging to be one of the most widely travelled Indian Prime Minister in recent memory, projecting the image of a statesman and promoting his country, his new government and his own unique brand across the globe. Since his 2014 victory he has been on a nonstop worldwide promotional tour. He visited 27 countries as of September 2015, with many more on the calendar, and hosted foreign leaders from the US to China, as state guests to India. It is very similar to the strategy he employed in Gujarat as the CM through the Vibrant Gujarat Summits and hosting of foreign dignitaries. As noted before, Modi is an active user of social media, involving the young population through podcasts and radio broadcasts and regular twitter updates.

5.3 Evaluating the Propositions

Proposition 1: Persistent caste/religion based politics ceased to be a winning strategy

In each of the stakeholder interviews with members of the media and civil society, it emerged that in Gujarat the Caste/Religion proposition is not entirely true. The caste and especially the broader religion card was very much present in the Gujarat elections, particularly in the case of the first reelection of Modi, where he benefitted greatly by his Hindu strongman image. The riots made *Hindutva* the cornerstone of Modi's electoral politics and his image. The caste and religion based politics was a potent winning strategy. But religion *alone* was not sufficient. In light of Modi's electoral victory and his electoral rhetoric we can conclude that religion has not ceased to be a winning strategy. However, it is in not the only variable in creating a winning strategy.

The events that unfolded under his regime, and his response to the same, his posturing on issues close to Hindus, all indicated where his loyalties, his emphasis lay. He has been very adept in removing explicit references to his Hindu right wing leanings, and yet never letting his supporters be in doubt about his faith. In this instance, simple gestures and language create a huge impact on the public psyche⁹. Modi's skill lies in

⁹ For instance, Modi's refusal to wear a traditional Muslim cap or *topi* when requested by some members of the Muslim community during a rally, or his steadfast refusal to apologize for the 2002 riots.

incorporating many issues to create a bigger platform of his electoral message, as opposed to leaders like Mulayam Singh Yadav and Mayawati in Uttar Pradesh, or Lalu Prasad Yadav in Bihar who rely almost exclusively on the vote banks of Yadavs, Dalits, and Yadavs & Muslims respectively for electoral victories in their states. This was a very difficult balancing act and it shows how astute a politician Modi is, that he was able to pull this off. The new voter alliances that Modi has created in Gujarat span class distinctions but do constitute a Hindu majority and in terms of caste, tend to be concentrated among the upper castes and forward castes. He has managed to include the conservative upper and lower class Hindus. According to Jaffrelot (2014) the middle class in Gujarat supported Modi, viewing him as the combination of an austere, religiously inclined leader, and a “super-CEO” of “Team Gujarat”. But besides the middle and upper segments of the middle class itself, Modi was also attracting a “new middle class” that was emerging in the small towns of Gujarat, ambitious and aspirational. Modi’s support base lags among the lower caste *dalit* groups and, unsurprisingly, among the Muslims. This creation of a new voter base of the middle class and the new middle class was a primary achievement of Modi’s. Much of it was in keeping with the earlier BJP tradition of focusing on market led growth (similar to the Atal Bihari Vajpayee government’s rule and the 2004 India Shining campaign which was eventually unsuccessful). But given Modi’s antecedents, it was expert strategizing on his part to be able to coopt the liberal or centrist Hindu middle class not on the basis of religion and caste, but on the promise of good governance, transparency, development, growth and employment. Modi’s perceived lack of corruption, his commitment to

efficiency and his ability to “get things one” in the middle of the infamously moribund Indian bureaucracy and the institutional inertia with red tape resonated with large sections of the population, as is clear from comments by interviewees.

Proposition 2: Declining economic performance led voters in the state to demand new solutions

As revealed by the state’s macro indicators, the economic performance of Gujarat was not declining. Gujarat was a prosperous state with a high SGDP in nominal terms. It was also a state with an entrepreneurial population. While the economic performance of the state on macro indicators of growth and poverty was not declining, it was still close to or below the national average. It was not a decline in economic performance previously, but a rise in the performance in Modi’s first term that made the electorate respond positively. And it was Modi’s ability to tap into the entrepreneurial spirit of the Gujarati population, as well as coopt the captains of industry in ensuring a business friendly environment in the state, that helped his position in the state.

Proposition 3: Increasing rent seeking combined with a small winning coalition became unsustainable to maintain

Modi has kept his winning coalition very small and at the same time there has been very low rent seeking under his rule. But there has been a more centralized way of governing. The coalition that Modi built consisted of a few key cabinet ministers and

advisors – Amit Shah, Anandiben Patel, Nitinbhai Patel, Saurav Patel, and Ramanlal Vohra have been key collaborators. At the bureaucratic level, officers like GC Murmu, AK Sharma, and Manjula Subramanian at the bureaucratic level. At the grassroots, the links to Parveen Togadia and Mohan Bhagwat of the VHP and RSS have proved to be crucial, despite occasional differences of opinion. Interestingly, it was the VHP itself that Modi tried to curb and eventually distance from once he gained popular mandate as he tried to broaden his electoral base and keep his winning coalition small. There have been questions raised about some of the land acquisition procedures for large industrial houses and their manufacturing and office facilities. Multiple stakeholders from the civil society and the media discussed the preferential treatment given to particular business groups. These business groups (such as the Adani group) are believed to have close ties close to the state government, and donating undisclosed sums of money to the party. The virtual red carpet laid out for the Tata business house to set up their Nano manufacturing plant had also been questioned¹⁰. There is considerable pride in Modi and he has made life for businesses much easier (as discussed in stakeholder interviews with members of the business community). People are happy with him and proud that the whole world is looking at Gujarat with interest.

¹⁰ There is a popular anecdote relating to the move of the Tata Motor Company's Nano car manufacturing plant when they faced opposition in Bengal and ended up setting shop in Gujarat. Modi reportedly said that all it cost him to bring the Tatas to Gujarat was a one-rupee text message, which he sent to Chairman of the Tata Group, Mr. Ratan Tata, inviting him to Gujarat. This, as comments in private interviews reveal, is highly suspect and it has been claimed that land was given at throwaway prices to the Tatas to set up their manufacturing plant.

Proposition 4: Anti-incumbency allowed the challenger to gain power

In Gujarat the BJP has dominated in state elections since the early 90s. Modi himself, as has been mentioned, was initially appointed as a replacement for the chosen BJP candidate, without an electoral mandate for him precisely. He was not a challenger who had to defeat an opposition party candidate. Rather his party, BJP, had enjoyed popular mandate in the state for many years. At the time of his appointment he was untested and new to power. But since his entry there has been no real challenger that he has to battle. He has won every reelection with considerable majority showing that the people of Gujarat were not showing any inclination to vote a challenger into power.

Proposition 5: Good governance allowed Modi to maintain power

Modi's leadership benefiting from good governance is borne out in the statements of the stakeholders that were interviewed, the review of literature, media reports, and other indicators. Modi made good governance coupled with growth and development a major part of his campaign strategy and marketing initiatives and the voter response to him in elections indicates that the message has resonated. At the same time, as described in previous sections he has also shown some results on the ground in improving physical infrastructure in the state, improving the power situation, providing more streamlined governance services incorporating E-governance mechanisms and launched flagship schemes that were geared toward improving the weaker social indicators and the condition of the backward sections of the state. His emphasis has been on growth, development and creating a pro-business environment. It can't be denied that despite

Modi's identification as a right wing Hindu supporter, his constant drumming of the message of growth, good governance and development hit home for the voters and they responded to it, both in Gujarat and at the national level. The overt emphasis on this messaging through speeches and advertising and campaigning convinced sections of the youth population that Modi could be the decisive, non-corrupt, development oriented leader that they needed. Modi's performance report card seemed to bring many newly mobilized voters to the fore, which helped BJP vis a vis the Congress in Gujarat, even when the Congress' own vote share did not suffer any decline. BJP lost some of its vote share to other parties. But its difference in terms of number of votes polled vis a vis the Congress remained roughly the same. The overall voting percentage declined but the vote share remained the same between BJP and Congress. This indicates that some voters moved away from BJP, perhaps dissatisfied with their performance and buoyed by new options like AAP and Gujarat Parivartan Party (GPP). But many new voters stepped in to help maintain BJP's overall majority.

Table 16: Votes Polled in Gujarat

	2007	2012
Total Eligible Voters	3,65,93,090	3,78,27,502
Actual Votes Polled	2,18,73,375	2,74,17,656
Voting%	59.77%	72.48%

Source: election Commission

The increase in electoral rolls over 2007-12 was 3.37% while the increase in number of votes polled was 25.23%. Thus this indicates that many people previously on the electoral rolls, actually came out to vote in 2012.

Table 17: Change in Votes

Increase in Electoral Rolls	3.37%
Increase in number of Votes Polled	25.35%
Increase in Voters	55,44,281

Source: Election Commission of India

Table 18: Votes Polled by Party

Party	Vote share %	
	2007	2012
BJP	49.1	47.9
Congress	38	38.9
Others (Including GPP)	12.9	13.2
BJP minus Congress	11.1	9

Source: Election Commission of India

While BJP's overall share might have declined, both BJP and Congress saw actual increases in the number of votes polled.

Table 19: Changes in Votes Polled

	2007	2012	Increase in Total Votes
BJP	1,07,39,827	1,31,33,057	23,93,230
Congress	83,11,883	1,06,65,468	23,53,586

	2007	2012	Increase in Total Votes
Gujarat Parivartan Party	-	9,87,036	9,87,036

Source: Election Commission of India

One explanation for this is that most of these new additional voters for the BJP are first time voters or urban middle-class that ignore the electoral process generally. Some astounding force mobilized and spurred them into the polling booths in 2012. This alone overcame the anti-incumbency, the drought and all other possible impediments for Modi. BJP was successful in urban and semi-urban constituencies. Approximately half of Gujarat's 182 constituencies fall in this category. So, it's reasonable to assume that the counter-mobilization of an average of 20,000 voters over 100 - 110 constituencies turned the tide for BJP. These new voters were buoyed by Modi's performance and his promise of furthering good governance and growth in the state and evidence that these efforts would be directed to ease the urban middle class. The narrative from his defenders, that became came out from one of the interviews in Gujarat, was that communal tensions historically ran deep in Gujarat. Hindus and Muslims, after settling scores in 2002, wanted an end to the violence. When peace returned, Modi made policies to accelerate growth for both Muslims and Hindus. The majority of Muslims were happy with good growth. And the majority of both religions no longer hold any grouse against each other. Modi made doing business easy. Businessmen got land, water and electricity in record time. His government improved infrastructure to support business and facilitate planned expansion of cities. Good tax policy attracted new industries to Gujarat and wages

skyrocketed with profits. His grievance redressal system is top notch and he rarely interferes in the functioning of the government after establishing good policy. It is this narrative that drives much of Modi's support base and it is this narrative that gained credence not just in Gujarat but nationally.

Proposition 6: Narendra Modi is a political entrepreneur who was able to recognize or create policy opportunity and capitalize on it to maintain power.

Modi has innovated at multiple levels. At times he is a Kirzenrian entrepreneur who discovers a window of opportunity and uses it as in the case of the Gujarat riots. At times he is a Schumpeterian entrepreneur who creates an opportunity that can be exploited for political gains. An example of this is his focus on business friendly policies and good governance, that had positive externalities for the population of Gujarat as a whole and helped Modi consolidate power. He has innovated at the level of policy making as highlighted by his government through some of his key schemes and projects. And most importantly, with the use of popular Gujarat media and social media campaigns he has been very effective in marketing himself and creating a Brand Gujarat and Brand Modi. His focus on media as a tool to connect with new voters and counter opposition was seen firsthand during the field visit. The media team of the chief minister consisted of a group of young interns from some of the top universities in the state and country. This team, which directly reports to the chief minister, was engaged in producing research material highlighting the achievements of the Modi government and updating

his social media presence. This is unusual for Indian politics, where the middle class young people are seen to be disengaged from the political process. One of the key skills of Modi in building his brand was to have a team that combined people such as Amit Shah and Prashant Kishore for his state elections and later his national campaign. Amit Shah worked with stakeholders on the ground in the hinterlands of the state and selected the right candidates to field the state elections from different districts, thus he was an astute politician who also acted like the party whip. Prashant Kishore on the other hand was able to bring in the young college age population looking for change and a leader that they could get behind to make them a part of Modi's campaign and transform his image. In Modi's case it is true that it took his vision to drive the message of governance and development across to the voters. Given BJP's strong support base among the Hindu majority in Gujarat, it may have been possible for Modi to keep relying on the grassroots networks of RSS and continue drawing on the more conservative sections of the Hindu population in the state to bring him electoral victory. But in order to establish his independent credentials and to broaden his support base, Modi was able to reengineer his electoral message to the population.

Fundamentally what Modi was able to do was what every astute politician wishes he can do – learn how to manufacture an image, and how to wield that image to get people to like you, support you. Modi almost resembles entertainment-machine created celebrities to represent an idea and societal attitude much larger than themselves, an image that can reconcile the contradictions inherent to ideology. Thus he is the

forward-looking conservative, the traditional progressive, the devout Hindu cosmopolitan, the patriotic internationalist.

Gujarat had a more streamlined top down command system. Modi was the ultimate decision maker in all aspects of government, and although willing to listen to multiple ideas and opinions, it was his vision that was the driving force in policymaking and in electoral strategizing. But history has shown that this system has been vulnerable to periodic shocks and eruptions of violence. There has been widespread agitation, involving disruptive public demonstrations and rallies, in Gujarat for withholding OBC reservations to the Patels in Gujarat. Similar agitations have also been undertaken by caste groups in other states previously. The *Gujjars* in Rajasthan was once such case, as were the Yadavs in UP and Bihar. The Patidar population in Gujarat is a powerful subgroup and they also have political clout. The new agitator is the 22-year-old rebel leader Hardik Patel, who is now under arrest for sedition. There are also indications that Patel has ties with VHP leader Parveen Togadia and that he may in fact have their support. There is some question about the change in governance in the state of Gujarat. The Patidar revolution is a recent flare up but it is in keeping with what Atul Kohli wrote. The conclusion that one can draw is that Modi as a strong centralizing leader who did much to keep the state under control and was temporarily able to blur the caste distinctions. But systemic, institutional change in access to state resources is an issue that may need to be addressed more closely in the coming years.

CHAPTER 6. NITISH KUMAR AND THE CASE OF BIHAR: POLITICAL SURVIVAL, CREATING NEW ALLIANCES, AND THE IMPACT ON GOVERNANCE

This case study analyzes progress in Bihar and the change brought about by the Nitish Kumar led coalition government, over a time period broadly ranging from 2005-2014. Bihar is a loaded word in the context of India's politics and its economy. The case of Bihar is particularly worth examining because it is a historically backward region, which has been prone to lawlessness and social repression coupled with economic deprivation. However, with the Nitish Kumar led coalition government first coming into power, change started becoming visible in the region. And the media and policy analysts were quick to recognize and report on this. By the end of 2013, Bihar had become a poster child for what leadership, emphasis on improving governance and leader driven policy initiative could do to transform a poor and backward region. Similar to Gujarat, Bihar also displayed a more leader driven, top-down change as identified by Andrew's (2013) terminology. This chapter looks in greater detail at what changed in Bihar in terms of its law and order situation, rent seeking, growth rate and poverty alleviation. The turnaround in case of Bihar was dramatic and unexpected and there has been much speculation on the reasons for the same. Why is it that in a state riddled with caste based politics and rent capturing among competing claimants in the ruling coalition, there emerged a leadership that seemed to be committed to something bigger. What seems to emerge from the

stakeholder interviews and content analysis of media reports and secondary literature is a two steps forward-one step back narrative. After initial progress and euphoria of change, the momentum declined and some elements of the status quo politics of caste and religion began to reassert themselves. The one notable change however, was that this time it was not social factors alone that would be decisive for elections. After the state's turnaround, none of the candidates could afford to ignore good governance and development. This was evident in the recently concluded 2015 Bihar state assembly elections also.

6.1 Macro Indicators and Policy Initiatives by the JDU-BJP coalition

While in absolute terms and in comparison to traditionally more prosperous states like Gujarat, Maharashtra, Punjab and Haryana, Bihar's per capita income and economic freedom indexes remain weak, it has registered the highest drop in poverty rates and population below poverty lines. Particularly in the Eleventh Five-year plan, the state posted the highest growth rates in GSDP in India, at a time when the JDU-BJP alliance was going strong.

Table 20 and 21 give the figures for Gross State Domestic Product growth rates and Net State Domestic Product at Current Prices (in Rs. Million)

Table 20: Bihar State GSDP Growth Rates at Constant Prices (2004-05)

Year	Bihar	All India
1995-96	5.49	7.29
1996-97	14.24	7.97

Year	Bihar	All India
1997-98	2.11	4.3
1998-99	7.18	6.68
1999-2000	1.02	7.59
2000-01	-4.89	4.3
2001-02	8.41	5.52
Average	4.79	6.23
2002-03	8.14	3.99
2003-04	14.77	8.06
2004-05	8.88	6.97
2005-06	14.95	9.48
2006-07	8.39	9.57
2007-08	11	9.32
2008-09	6.78	6.72
2009-10	11.25	8.59
2010-11	10.01	9.32
2011-12	7.66	6.21
2012-13	7.96	4.96
2013-14	8.76	4.74
Average	9.9	7.32

Source: Central Statistical Organization

Table 21: Bihar State Domestic Product

Year	NSDP
Base Year : 1999-2000	
1999-2000	46,0710
2000-2001	52,5190
2001-2002	52,3230
2002-2003	59,3020
2003-2004	59,7010
2004-2005	66,0410
Base Year : 2004-05	
2005-2006	75,3110
2006-2007	94,1110
2007-2008	108,0960

Year	NSDP
2008–2009	139,0610
2009–2010	163,5550
2010–2011	201,2640
2011–2012	243,1160

Source: Reserve Bank of India Handbook of Statistics on Indian Economy (2011-12)

In keeping with the national trend, the state also registered a decline in poverty among Indian states over the 2004-12 period, of 21 percentage points as shown in the Table 22.

Table 22: Poverty Ratios in Bihar

	2004-05			2009-10			2011-12		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Bihar	55.7	43.7	54.4	55.3	39.4	53.5	34.1	31.2	33.7
All India	42	25.5	37.2	33.8	20.9	29.6	25.7	13.7	21.9

Source: Planning Commission

The above data indicates progress made in the area of development and equal access within governance. At the policy level, selected policy innovations and initiatives of the state government are described below.

Improving Rule of Law – Through field interviews with bureaucrats and law enforcers (including Patna city Police Commissioner) it emerged that they believe one of the main reasons for the improvement of law and order in the were that the police were finally free of political interventions and encouraged to implement the laws preventing

possession and carrying of illegal arms. The use of illegal (and often homemade) weapons by local thugs and criminal elements was quite common in Bihar and strongmen to intimidate and harass people. This was also a tactical move because instead of trying criminals for their worst crimes—which would entail long trials for years, during which witnesses could usually be threatened to keep silent—but for violating the law regarding possession of weapons, that could be easily proven and ensure a conviction within weeks. This had an immediate positive impact on the law and order situation in the state. The number of convictions under the act rose and the number of arms visible openly on the streets declined sharply. Under the Lalu regime, police officers, who were often the first witnesses of cases of illegal possession of arms, would refuse to testify as witnesses. This was from fear of repercussions by the powerful politicians and their private armies; who were often implicated in these cases and responsible for lawlessness, intimidation and violent incidents that were part of the mini-industry in crime that operated in Bihar. By removing political interference with the police, the implementation of this law put many criminals with political affiliations behind bars and there was a dramatic decline in incidents of violence and the general level of lawlessness in the state. Kumar called together the top police, judicial and administrative officials, earlier a demoralized and unmotivated lot. He got them to work together on a crash program for delivering speedy trials and convictions. Members from paramilitary forces and retired military members were used to train the police and often patrol the streets which also helped reduce thefts, kidnappings and make the streets safer. These initiatives indicate progress made with regards to rule of law and peace and stability.

Under his governance Bihar had a record number of criminal prosecutions through fast track courts and he initiated a mandatory weekly meeting with all District Magistrates to monitor progress at the grassroots level.

Investment in Physical Infrastructure (Roads and Bridges) – The other big achievement by the state government that was mentioned without fail in every stakeholder interview was the dramatic improvement in the roads and bridges infrastructure in the state. One civil servant in particular (Pratyay Amrit), was singled out by a majority of the interviewees as being responsible for the implementation of the roads and bridges construction program in the state. The state government also allocated funds for building local roads. More importantly the state government was finally seen to be effectively utilizing funds allocated to it by the central government as part of the infrastructure development thrust by the Congress government. Under the previous RJD government, the condition of the roads in the state had deteriorated sharply and many parts of the state were virtually inaccessible and therefore also often left to the mercies of local strongmen and village landlords¹¹.

Table 23: Completed Road Length in Bihar

Year	Road Length (km)
2001-02	101.54

¹¹ Interviews with senior bureaucrats and politicians reveal anecdotes of Lalu Prasad Yadav, when asked about the condition of roads in the state, responding that the poor in Bihar who used bullock carts, bicycles or their own two feet, had no need to use highways and roads, such expenditure would only benefit the rich and the upper caste.

Year	Road Length (km)
2002-03	91
2003-04	23
2004-05	68
2005-06	10.85
Sub Total	294.39
2006-07	983
2007-08	1913
2008-09	3106.26
2009-10	3473.88
2010-11	2890.36
2011-12	2028.84
2012-13	1428.64
2013-14	1,179.19
Sub Total	17,003.17

Source: Aiyar (2013)

Special Status for Bihar and Utilization of Centrally Allocated Funds –

Another key step taken by the Kumar government in a break from the past was that it started drawing on the corpus of centrally allocated fund and utilizing it for the state's development process. In the RJD years, there was deliberate stagnation and underutilization of funds for the state, creating a situation where the state government was unable to raise sufficient funds or match the national government with sufficient locally generated revenue to draw on centrally sponsored development schemes. This issue with the funds led to a regression of the economy with negative growth rates. The Nitish Kumar government reversed this trend. Kumar launched the *Adhikar* rally, asking for special state status for Bihar from the central government. This was one of the initiatives that Lalu Prasad Yadav was initially opposed to and later unable to achieve. In keeping with much of the change in Bihar, this change in the state's status was another

example of a new government coming into power and finally doing the minimum of governing and generating funds from all available sources to invest in infrastructure, growth and development that it is expected to do and taking steps to actively raise the revenue and standard of living for the people.

Reengineering the Electorate with *Sushaasan* – Much of the work done by the state government for backward castes was done with an aim to providing subsidies and welfare schemes in order to create distinct voting groups whose loyalties could then be called upon at election time. In a highly factionalized scenario like Bihar's, even small caste based voting blocs can swing elections or allow independent candidates to win seats that are then used as a means of bartering within the state's coalition government. According to Ramachandran, although the earlier Lalu regime had claimed to be 'secular' and defenders of the rights of the Muslim minority population, in practice it abetted the exploitation of the poor (pasmanda) Muslims by the prosperous Ashrafi Muslims. In addition, continuation of excesses committed by the police on Muslims in the past also led to the alienation of a vast majority of the Muslim population. The backward classes (except the Yadavs who wielded real power under a Yadav Chief Minister) were aggrieved that one community was cornering all the benefits that the state had bestowed on backward classes in general. Finally, the Scheduled Caste population sometimes found the Yadav rulers worse oppressors than the Rajput-Bhumihar landlords.

Part of Kumar's strategy was that he broke some of Lalu's caste support base among the OBCs. Kumar (from an OBC caste himself) engineered a separate OBC vote bank of the *kurmi* and *koeri* communities. He also supported a new category of *Mahadalits*, who were the most backward among the *Dalits*, as a separate vote bank. Thus, as a political entrepreneur he was able to redesign the electorate to his benefit. He was a Schumpeterian entrepreneur in this sense as he created new sub caste groups that he could speak to directly. At the same time in the policy arena he was also a Schumpeterian entrepreneur, able to coopt the middle class with the promise of *sushaasan* or good governance and an end to the lawlessness, kidnappings, the *jungle raj* of Lalu Prasad Yadav. In some senses his strategy was similar to Lalu when it came to engineering caste based vote banks. However, his emphasis on growth, governance and development set him apart and made his leadership one that was beneficial to him as well as the general public. Nitish Kumar's idea of good governance had a minimalist agenda, consisting of restoring law and order, rebuilding physical infrastructure, improving educational infrastructure, and mobilizing resources to achieve all the above. One of the changes implemented under his government was the development of an electronic version of the Right to Information Act called *Jankari* scheme. In addition, he launched the *E-shakti* program under the National Rural Employment Guarantee Scheme, to bring effective coordination in execution, better targeting of beneficiaries and establishing transparency and accountability. The initiative includes a web based grievance redressal mechanism, state of art financial management system, integrated workflow automation and effective management information system, thereby giving technological advantage to

the department of rural development in preparation and execution of poverty alleviation programs. Under the *E-Shakti* project, technological processes are customized to suit the needs of poor, rural populations so that people can take active part in the process of governance in informed manner. They are given voice guidance through the process in Hindi language so that participants can understand the process and control it as per their need and choice. A people centered Call Centre has also been started whereby people can seek information and get their grievances redressed. All these, make the participation of poor people meaningful.

Bihar undertook record infrastructure construction work during his five-year mandate, surpassing the national average. The government has generated employment in police services and teaching. According to Aiyar (2013) there was a revival of the education sector in Bihar, and more than 200,000 teachers were hired by Nitish Kumar through an innovative decentralized reform, to revive moribund schools, and this helped literacy soar by almost 17% in 2001-11, the fastest among all states. According to Aiyar, “government teachers had long been notorious for high absenteeism, despite high pay. So, Kumar decided to let the new teachers be hired by *panchayats* (local governments) at low, market-related wages. This facilitated a huge expansion of schooling at low cost” (Aiyar, 2013). Nitish Kumar’s government also initiated innovative schemes like the bicycle and meal programs – the government gave bicycles to girls who stayed in school – which greatly increased the number of girls attending school in Bihar as well as a fall in school dropout rates. Senior bureaucrat Vijoy Prakash said in his interview, “In all

parameters, we are going up. Our female literacy rate was 33% in 2001, which has gone up to 53%. Literacy rate of SC, STs was around 30%, now it is the highest in the country. Although we are at the lowest rung, the rate of growth is the highest. We have constructed roughly 300,000 classrooms in this regime. Teacher to student ratio has gone up; student to classroom ratio has gone down. The parameters have gone up, which is what investment does.” He also addressed the improvements made by the state in the health sector, saying, “The public investment on health and education in Bihar has gone up. In the area of health, we are moving up at a very fast rate. Attendance at our hospitals has gone from roughly 80-85 patients per hospital to 9000. This is because we made provision of diagnostic facilities, provision of drugs and provisions for doctors. The health and educational reforms continued simultaneously”.

Weakening the bureaucracy was a deliberate ploy of Lalu Yadav to lessen the power of the upper caste dominated bureaucracy. Naveen Verma, the state Secretary for Industries elaborated in his interview, “We need to look at what is it that makes the same bureaucracy work better under Nitish. Now there is pride in sub-nationalism. Earlier there was low state spending. We had corruption scandals like the fodder scam. People got punished. So there was a fear of taking action. Honest officers were in trouble and did not want to take action out of fear. There was *mens rea* - planned failure; bona fide mistakes are not pardonable. Under this government I have not faced any direction from above not to do work. Now you are rewarded for being independent. The CM supports you.” As indicated in Table 13, Bihar’s score on anti corruption efforts was very low during the

Lalu Yadav years . It scored a normalized score of 0.44 for the 1990-1995 period, 0.3 for the 1996-2000 period and 0.43 for the 2001-2005 period. This saw a dramatic jump to 0.88 for the 2006-2010 period under Nitish Kumar's leadership. Thus Bihar also made improvements in terms of transparency as well as making the government more efficient.

What emerges is partly innovation at the policy level, and in some cases a government finally implementing policies already in existence, or reversing bad practices of the previous government. For Nitish, it was good politics and good economics to make his promise of reforms credible and show output, in order to maintain support base. However Dasgupta (2010) argues that despite changes and perceived improvements, the trends in growth rates and poverty alleviation in Bihar may not be due entirely to a structural break caused by the Kumar government, but part of a national level cyclical trend. In absolute terms Bihar's GDP continues to be among the lowest in the country. When looking at state scores on the size of government and efficiency as part of the rankings under the economic freedoms of the states of India, Bihar's score has gone from 0.38 in 2005 to 0.52 in 2013, a significant improvement. Its ranking on this category among states also improved from 16th to 14th position. But the state continues to be ranked lowest on the State Index of Economic Freedom. Similarly, despite some improvements in law and order, absolute number of crimes has been increasing. Although part of it may be due to better reporting of crimes, there are also questions about the absolute decline in crimes. Dasgupta (2010) finds that certain kinds of crime are shown to have relatively declined in the official statistics since 2004. These are different types of

dacoity, kidnapping for ransom and murder (mostly associated with the years of RJD rule). However he also argues that perhaps the social basis for crimes has changed in Bihar, with burglary, rape and theft having increased in absolute terms and the decline being in the kind of crimes that affects the safety of life, work and business of the dominant, propertied social constituencies. In terms of ease of doing business also, as shown in Table 12, Bihar continues to rank lowest among major Indian states, coming in at a rank of 21 with a score of reform initiatives of a mere 16.4%. Although the state economy is largely agricultural, it still a cause for concern, as the government has been trying to develop the state's business and industrial potential as well, to have more sustainable growth. This is an area that still needs significant attention in Bihar. As mentioned earlier, so far the reform agenda for Bihar has remained minimal, geared towards filling revenue gaps, creating necessary physical infrastructure and making the streets safe for the citizens. A focus on making the state more business friendly, increasing the size of the urban middle class, promoting higher education, and taking physical infrastructure development to the next level, would be the next steps in for Bihar.

6.2 Recent Developments and the Scramble for Bihar

Despite a positive reputation, over the years, Nitish Kumar has had to make more allowances in the composition of his coalition and who he partners with in order to maintain power. His lack of a suitable and stable political alliances, and a large enough

caste based support base, shows that his work in improving law and order and governance in the state alone was not enough to secure him electoral majority. He also some MLAs in his party with criminal records (something that seems to be impossible to avoid in Bihar), and has allied with questionable supporters not unlike the accusations that had been leveled at his predecessors.

The cases of Nitish and Modi as leaders are not entirely comparable, although interviews reveal that Nitish Kumar has often pitted himself against Modi, and saw himself as someone who could be a major leader at the national stage. In Nitish's case he had to defeat an incumbent with a strong support base from a different party, in Modi's case he had to come up within the same party, where senior leaders were dominant. Nitish worked but he worked within a coalition. The network of ministers and system of governing favored by Kumar was much more diffused, broad-based, and not a high command structure resembling Modi's cabinet. Modi has kept his coalition of supporters limited and yet has been able to undertake targeted public projects and schemes in Gujarat as a signal to the people of his intentions. Since the split with the BJP in Bihar, Kumar has been searching for a permanent coalition partner. He has had limited support from the selectorate and a much larger winning coalition that he needs to keep satisfied. This has put increasing pressure on Kumar to give party tickets to opportunistic candidates who may not share his vision and who may expect private rents in return for their support.

The 2015 Bihar Assembly Elections - The latest developments in Bihar show an interesting shift in electoral strategy and put the idea of good governance in practice, as opposed to campaign messaging, under scrutiny. The developments in these elections may give further credence to Bueno De Mesquita's notion that politicians are self-interested actors, focused on acquiring and maintaining power. In a story that has now come full circle thanks to the game changing victory of Narendra Modi as the leader of the BJP, in Bihar coalition partners BJP and JDU have become bitter rivals. At the same time, Kumar is now in an uneasy alliance with previous rival Lalu Yadav and the RJD Senior politicians that were interviewed cite Kumar's growing political ambitions for a bigger national stage, and his discomfort with the rise of Hindu nationalist Modi within the BJP (a threat to his Muslim support base in Bihar), as a cause for the drifting apart of the two parties. Nitish broke the coalition with BJP and sought the support of other parties to maintain power. But with the breakup of the coalition, his ability to effect policy change, and his freedom to govern were greatly reduced and the old patronage networks that characterized Bihar politics seem to have reemerged. Keeping in mind the logic of political survival and forming coalitions that will allow political candidates to stay in power, Nitish and Lalu Yadav have formed an alliance, to counter the force of BJP in the state. Yadav has said he is willing to drink "poison" (namely accepting Kumar as the CM candidate) in order to combat the "Cobra" (namely BJP). And this has borne fruit as indicated by their victory in the 2015 state assembly elections.

The RJD-JDU merger emerged to combat a resurgent and ambitious BJP in Bihar (and nationally) and the Modi wave of support. This was coupled with the defection of *mahadalit* leader Jitan Ram Manjhi from JDU. Manjhi had been appointed by Kumar as the party nominated CM, as Kumar took the responsibility for his party's poor performance in Bihar constituencies during the 2014 national elections and stepped aside. The appointment was understood to be symbolic, with Kumar still being the powerful figurehead in his party. However, the most important aspect of a government and coalition is loyalty, and when Jitan Ram Manjhi showed signs of acting independently and questioning the authority of Kumar, he was ousted and Kumar was forced to wrest back control of the party to himself. According to Kumar, "The need to remove him (Manjhi) came when people were coming and complaining about his controversial statements every day. People of the State appeared to have lost faith in him. I was not keen to take over as the CM but I am accepting the proposal for the party. After all, a bad atmosphere was being created. Good governance was being compromised for social engineering" (Srivastava, 2015). Manjhi removed many senior bureaucrats, whom Kumar is now restoring in his 2015 term. One example is senior bureaucrat Amir Subhani, Home Secretary, and a Muslim, who had been replaced by a *dalit* bureaucrat, Sudhir Kumar. Such reports galvanize caste blocks and deepen divisions.

If Lalu Prasad Yadav was the threat in 2005, then in 2015 the specter of communal tension and mistreatment of minorities under BJP was used to unite the *dalits*, OBCs and Muslims against the forward caste support group of the BJP. As Kumar was

being sworn in as the Chief Minister for a third time, many other anti-BJP supporters were in attendance, such as Bengal and Assam state leaders Mamata Banerjee and Tarun Gogoi. This suggested the formation of a block of Eastern states to take on the BJP-led Central government. In a public speech Kumar said, "It will not be right to say there is formation of a block but for economic interest of Eastern states, we will fight together." Kumar said he would try to seek cooperation from Odisha Chief Minister Naveen Patnaik also for the purpose. Kumar said he would not work with any prior bias or pre-conceived notion about anybody or any party in the interest of Bihar. The emphasis on good governance and development continues to form the bedrock of all the political maneuvering and campaign messaging. But as Ullekh NP explains, it is unlikely that a coalition partner like Lalu Prasad Yadav will be content watching from the sidelines. He will want his own political capital out of this alliance. He has already ensured party tickets for his two sons to contest elections in the state under the new coalition. It also does not look well for the "reformer" Nitish Kumar that he is now partnering with the very man that he was so opposed to and used to hold responsible for the stagnation and lawlessness in Bihar. In light of the victory of Nitish Kumar and Lau Yadav's alliance in the October 2015 elections, how these two leaders will share power and still promote the idea of improved governance with competing coalitional claims and expectations of voting factions will be a challenge.

6.3 Evaluating the Propositions

Proposition 1: Persistent caste/religion based politics ceased to be a winning strategy

The caste/religion proposition holds true in the case of Bihar but in a restricted sense. Aiyar (2013) writes, “Nitish Kumar saw clearly that caste war alone could not make Bihar prosperous, and could not even be an election-winning approach once the novelty of backward-caste rule wore off. He saw that ordinary folk were sick and tired of gangster rule and lack of electricity, roads and jobs. An engineer himself, he saw the need to revive the state’s infrastructure. At the same time, as a clever Bihar politician, he saw the need to use caste-based appointments and programs to woo a wide variety of groups, not backward castes alone. It helped greatly that his main political ally, the BJP, was an upper-caste party, and one also interested in economic development.”

At the same time, even with the increasing emphasis on good governance, Kumar was cognizant of the caste based voter affiliations and sought to create new groups in order to break the stronghold of his political rivals on the voting loyalties of particular caste groups. There was a continuous reshaping of the ruling coalition and a trading and bartering of candidates and seats. The field interviews reveal a unanimous opinion among the stakeholders in Bihar, that you cannot ever separate caste from politics in Bihar and fight an ideological or issue oriented election alone. However, each of the interviewees are also agreed on the fact that any election in Bihar now also could not afford to neglect development. Thus, while caste based seat allocation and electoral reengineering may

take place in the background, each contestant would need to have their own strategy for development and governance in Bihar to woo a more demanding voter base.

Proposition 2: Declining economic performance led voters in the state to demand new solutions

This is borne out to be true in the case of Bihar. The Lalu Prasad Yadav government was previously able to win multiple elections, and the validity of many of these votes cast was questioned. However the declining economic performance of the state, and the rampant lawlessness and corruption led to a flight of the middle class and increasing discontent among the remaining people. Yadav's social revolution and reengineering were not enough, and with India as a nation experiencing growth, Biharis were not content to be left behind. Nitish Kumar was effectively able to capitalize on this sentiment. Aiyar (2013), describing the Yadav rule, says, "All investment, building and consumer purchases had been severely curtailed by what was called 'jungle raj'—meaning rule of the jungle—in the state under Lalu Yadav. It was said that if you applied to a dealer to buy a car, or to a municipality for building a house, then by the evening you would get a protection money note, threatening kidnapping or worse. Naturally, nobody wanted to buy cars, build houses or start industries. In any case, as the roads deteriorated and virtually disappeared in district after district and the power shortage worsened, there was little sense in attempting industrial investment. Public investment also slumped because Lalu Yadav was not interested in economic development and preferred to focus

on caste politics. Unsurprisingly, GDP growth and industrial growth were close to the worst among the states. The fiscal crunch caused by the partition of the state was used by Yadav as an excuse to keep vacancies remaining unfilled in all government services, not just in education and health but also police, judges and everything else. This further weakened the capacity of a state already crippled by lack of funds.”

As outlined by the state’s macro indicators and the policy innovations under Kumar, the state economy saw a dramatic turnaround. And it is clear the people voted out a leader who brought in stagnation, and voted to keep in power the leader who promised a growing economy.

Proposition 3: Increasing rent seeking combined with a small winning coalition became unsustainable to maintain

This proposition is valid in case of Bihar. The small winning coalition and increased rent seeking by the Lalu Prasad Yadav government led to economic regression in the state and saw the voters demand new alternatives. Multiple corruption scams were reported under the Lalu Yadav government and serious charges of corruption were filed against him and his party members and political supporters. Lalu Yadav rewarded his caste group leaders with a free reign to ransack the state and allowed an era of rent seeking and lawlessness to prevail. Yadav himself spent a term in jail on corruption charges. The state’s reputation at the national level was of a region where rent seeking was rampant and there were severe leakages in public spending. This changed under Kumar, helped by his personal reputation for integrity and non-corruption. Kumar had a

winning coalition that was more diffused and broad than his predecessors. His focus was directed more towards public spending on popular policies and large scale physical and social infrastructure investments.

Proposition 4: Anti-incumbency allowed the challenger to gain power

With Kumar as the challenger, this proposition is valid for Bihar. Kumar came into power, with the support of BJP, on the platform of ending the *jungle raj* of the Lalu years and bringing in a new era of *sushaasan* in the state. Again Nitish Kumar was able to tap into the growing discontent among the people of Bihar and emerge as a candidate that was speaking a new language and using the message of good governance, growth, development, and progress to create a sense of hope in the vote base. At the same time, he was able to manage the sensitive caste equations in the state at an operational level

Proposition 5: Good governance allowed Kumar to maintain power

Kumar's reelection in 2010 gives credence to this proposition, because the reelection was in many ways a vote of confidence for the work done by him in his first term and the electoral promises that he was making. However, although it is true enough from the stakeholder interviews that Nitish Kumar's work and governance had made him immensely popular and well respected in the state as an individual, he does not have a small coalition of support and a stable alliance that would allow him to maintain power. Thus, looking to the future, his position is still not fully secure and despite the support and appreciation for his work as the chief minister, it has not been sufficient for his party

to win an outright electoral majority in any of the elections (in contrast to Modi's experience in Gujarat, where he did not have any strong opposition).

Proposition 6: Nitish Kumar is a political entrepreneur who was able to recognize or create policy opportunity and capitalize on it to maintain power.

Given how Nitish Kumar's two electoral campaigns have changed the terms on which Bihar elections are fought, he does emerge as a political entrepreneur who recognized that the time was right for a change in strategy. He was able to create an opportunity by using the promise of good governance to attract voters. He took on policies that may have been risky, given that he was challenging some powerful people in a bid to improve rule of law in the state. He innovated in policy making by focusing on simple, doable, first steps that could create a visible change for the people in the state. He was able to reengineer and innovate at the electorate level by creating new caste support groups that created a dent in his rival Lalu Yadav's backward caste support base. And he was successful in promoting his own brand as a man of integrity committed to good governance, in a state where politicians were often thought of as corrupt and inefficient. This brought him attention not just locally but nationally and internationally. He was invited to Pakistan by the *Tehreek e Insaaf* Party to share his experiences in turning around Bihar, and what lessons other nations could learn.

Thus, Kumar, as a political entrepreneur, was able to recognize a desire for change among the voters of the state and offer them something new, beyond mere caste

combinations. He was able to make good governance a winning strategy for his electoral victories. His policies benefitted the people of Bihar and allowed him to gain and maintain power for three terms.

CHAPTER 7. CONCLUSION

This dissertation explored the emergence and utilization of good governance as a strategy for gaining and maintaining political power, and the way political entrepreneurs recognized this as a viable opportunity and were able to effect change in their regions. This is a first attempt to look at good governance not just as an empirical concept, measurable by indicators, but also as a strategic tool. The phrase and the idea of good governance was used by politically entrepreneurial actors as a message and signal that spoke to new voter expectations and in creating political brand images that were used to gain voter support. This is a rapidly evolving issue and the political entrepreneurs being studied in this dissertation are still active in the political sphere in India, Modi as the PM of India, and Kumar as the CM of Bihar.

One of the main contributions of this dissertation is to expand the scope of political entrepreneurship related research in the context of India, and to bring in well-known political leaders and personalities into this sphere, evaluating them on the basis of innovations in policies, electorates, and personal brand building and marketing. I show that political entrepreneurs are able to create or recognize a window of opportunity and in doing so they can generate political capital for themselves, while also changing the electoral language and issue space to include a public good like improved governance,

which can benefit the people. It explains how good governance can become a rational choice in some situations, even when strategies like vote banks and patronage politics had been dominant previously. However, the narrative also shows, this does not mean that as the political environment evolves, the strategic choice remains static. As voter demands change and as political entrepreneurs try to use new innovations to expand political power, the winning strategy also evolves. Thus we see Nitish Kumar today modifying strategies and alliances, even when trying to stay committed to his core issues and policies. In this respect, Modi's public messaging as leader of the BJP has been more consistent with its focus on good governance and creating policies and alliances based on this principal. To summarize:

- Caste and Religion does not cease to be a winning strategy, but it is not the *only* winning strategy
- Anti-incumbency and declining economic performance helped Kumar in Bihar, but it was not the same case in Gujarat
- Kumar created a large winning coalition, which impacted rent seeking. Modi had no such constraints but overall extent of rent seeking in Gujarat is still limited
- The promise of good governance with associated change and improvement allowed both Kumar and Modi to get reelected and maintain power
- Both were political entrepreneurs and were able to change the campaign language in their states to make good governance and development the buzzword in elections and a winning strategy. They showed Innovation at the Policy Level, Innovation at the Marketing level and Innovation at the Electorate Level. They

offered public goods and good governance as a promise to get reelected and were successful in different challenges. Modi was able to consolidate power and his Hindu vote base, while coopting the middle class. He promoted himself on his success in bringing new business and growth to Gujarat, simplifying and making day to day governing of the state more efficient, and starting targeted schemes for marginalized communities. Kumar broke old caste alliances and was reelected on basis of good performance. He was also politically astute and was able to reengineer new caste alliances of support to better secure his position. Thus he has made strategic choices as the environment changed and new opportunities emerged, in order to maintain power. The messaging of good governance, growth and development remained front and center in his campaign strategy, and the caste vote and alliances based on the same were addressed simultaneously.

7.1 Understanding the Cases through Selectorate Theory

What emerges from stakeholder interviews is the complex nature of electorates in Bihar. Nitish Kumar's core support base has been Muslims (*pasmanda* muslims), *Mahadalits*, *Kurmis*, *Koeris* and *Kashwaha* lower caste groups. These groups were among Nitish Kumar's caste support vote blocks. But these together were not enough in Bihar to win him an outright majority. So as a leader he had to develop other strategies. And that is where his ability as a political entrepreneur, to recognize and make credible commitments to the path of development and good governance, allowed him to broaden his support base and win elections. His rival Lalu Yadav was a classic case in selectorate

theory. Yadav had a small winning coalition which was sufficient to ensure he gained and maintained power. This coalition of supporters was rewarded with private rents and group specific benefits, while the rest of the state languished. Lalu Yadav did not need to share power at that point. Kumar had to find new partners and a new strategy to break Yadav's dominance. Thus the alliance with the BJP came about, that brought in BJP's forward caste support base with a joint focus on development and anti-Lalu sentiment to cement them together. This is how the winning coalition and the real selectorate was engineered. But members of the winning coalition can change. Kumar's winning coalition was going to be the rural support base, the *Mahadalits*, the *Kurmis* etc. The BJP began to consolidate its Hindu vote base (once Modi has been declared the party leader and PM candidate at the national level) which threatened Kumar's support base among the Muslims. Modi's rise was also seen in many ways as a threat by Kumar as has been stated in interviews. Thus his alliance with the BJP in Bihar ended.

Selectorate theory says that in a democracy leaders have a more broad based winning coalition, which they try to keep loyal through increased public spending, which can be seen as a proxy for good governance, though of course it would depend on how much is being spent, on what, and for whom. Members in a winning coalition can be easily replaced and there is a loss of all private goods. Lalu Yadav had a large selectorate and a small winning coalition. He was able to identify the key people among the OBCs (Yadavs) and Muslims, whose support could ensure him these two crucial vote banks. He only needed to keep certain key supporters from these groups loyal and promise them

private rewards. Thus someone like Nitish Kumar, who did not have similar access to a small winning coalition, had to find a new strategy that would broaden the selectorate (while keeping his own caste factions to draw on) and the winning coalition. Thus Kumar *had* to make credible commitments to reform and spend more on public goods to counter Lalu Yadav. And Kumar also had to continue to emphasize and undertake more development-oriented work once he broke away from the BJP in order to maintain his selectorate and keep his winning coalition loyal. Kumar had new supporters after the BJP and he was able to create a different winning coalition with these people. And he was still able to continue with his focus on good governance and development.

Kumar invested in creating physical infrastructure and making the streets of Bihar safer, for which people could credit him. Previously, Yadav had achieved a similar change at the social level by breaking down decades old caste barriers. At that time, communities oppressed for decades saw that it was also possible for the OBCs to be powerful in front of the Upper Castes. This had created the initial goodwill and support for Yadav. The caste equations were strong in Yadav's time. He could work the caste equation to keep very few key people happy and yet stay in power. But as things changed nationally, as India experienced high growth rates, and as the caste barriers got broken, people realize that they needed more. As the rest of the country grew, people in Bihar also wanted development. Thus Kumar, in his tenure, was able to generate similar goodwill, on the basis of his development work. Kumar combined the upper caste support base of BJP with development agenda and the lower caste groups that Lalu Yadav was

not catering to, to create a potent combination that resulted in electoral victory in 2005 and 2010. In the 2015 elections this strategy further evolved, with Yadav as a new partner now bringing his large OBC support base and Kumar bringing his *Mahadalits* groups *plus* his well-established governance and development agenda. The BJP was now portrayed as a fundamentalist party and a threat to the interests of Muslims and backward castes. For Kumar his exclusive coalition of support was never big enough so in a fragmented electoral base, he had to bring development and good governance to the table.

In Gujarat on the other hand, Modi was able to engineer an intangible sense of Gujarati pride, which was very evident when interviewing stakeholders there. And he is attempting something similar in terms of creating a sense of national pride currently. Modi's focus and spending was less on big public sector projects, industries, welfare schemes etc. and more on creating the right space for private business to thrive, creating public-private partnerships and creating a marketable image for Gujarat as a well governed, attractive investment destination.

Modi did not have serious impediments to electoral victory in Gujarat, given BJP's overall popularity in the state over the years. He could have won without exerting himself much, given the weakness of the opposition and the fact that BJP had controlled the state since the 1990s and was dominant. And yet he was invested in creating an image and identity for himself intertwined with the notion of a dominant powerful, successful Gujarat, each image indistinguishable from the other. One possible explanation is that

Modi had his ambitions set on the national stage for a long time. He had a broader vision and was speaking to a larger audience beyond his selectorate in Gujarat. He was therefore looking to project a larger image. Modi engaged in community brand building and creating an image that the people can identify themselves with and take pride in.

Within selectorate theory, it is important to understand how in order to create a coalition of support, apart from spending on public goods, a candidate may need to be more inclusive and bring more people into the real selectorate. Image creation is a part of this process. Thus public spending can be tangible in terms of infrastructure projects and welfare schemes, or it could be exercised in creating a sense of image and identity. Thus Modi's emphasis was on creating the environment for private enterprise to thrive as opposed to state led growth. In politics one has to create social capital and translate it into votes polled in favor. This means investing in social networks. Modi invested in Gujarati Pride, based on development and efficiency, and built his social capital around making people feel like they belonged to this ideal Gujarat which he could create (Lalu Yadav created his social capital by making people believe in an empowered and aggressive OBC identity, to which he was the access) Kumar undertook similar support creation by actually creating physical capital. His creation of pan Bihar pride can be understood in terms of selectorate theory, because his policies and spending were going to be geared towards the nominal selectorate and be more broad and inclusive. These leaders were coopting a coalition of support to come join into an identity. In each of these cases, social capital motives were being met in how they strategized people's desire to

belong, and for approval and seeking validation. This is how political entrepreneurs like Modi and Kumar were able to make good governance a winning strategy in their electoral victories and beyond.

7.2 Limitations and Next Steps

While every effort has been made toward making this research as comprehensive as possible, this dissertation is faced with certain limitations, which may be addressed in future research projects and undertakings. The sample size of interviewees is limited and there may be some selection bias in case of stakeholders. Exogenous factors beyond the role of state leadership were also impacting state performances, and the leaders utilized the positive externalities arising from these. This can be examined in greater detail. The impact of the role of the Central government is also important in the states and how each state cooperated or opposed the centrally driven schemes for infrastructure development, education and health also needs to be explored in greater detail. This dissertation limited its focus to state level policies and initiatives. The ineffective role of the opposition also needs to be accounted for in greater detail as a factor that helped the leaders in these states be successful and push through their favored policy agendas. Since these issues are still developing, reexamining both states after a time gap, and utilizing a longer time period of analysis would yield newer insights and understanding of the change in governance and what this may mean for other states in India as well. This study was limited to two cases but going further, adding more illustrative cases could provide a greater depth of analysis and understanding.

What emerges from the qualitative analysis undertaken in this research is that creative political entrepreneurs can reshape local and national election landscape and policy environment. While politicians are self-interested agents, engaged in gaining and maintaining political power, this can be aligned to a policy orientation that benefits a greater number of people and improves development and governance of the regions in question, while allowing the leaders to expand political power. Thus while the politics of caste, religion and vote banks is far from gone, these case studies show that a reengineering is being undertaken by political entrepreneurs, who, based on a larger vision, are creating new policies and personal brands based on the promise of growth and good governance. Since we are dealing with complex systems, no two regions or leaders will have the same policy prescriptions for their electorate, their interactions with their coalitions and their environment will determine the regional policy scenario. But as this research shows, it is possible that policymaking can move in a direction that shuns rampant rent seeking and vote bank politics, and towards issues and solutions that benefit the public, and also make for good politics.

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