FOOD AND POWER IN BIHAR AND JHARKHAND

The political economy of the functioning of the Public Distribution System

Jos Mooij

Abstract

Public distribution of foodgrains in India is a national policy, which exists in all States. In some States, however, the public distribution system (PDS) works much better than in other States. The undivided State of Bihar (now the new Bihar and Jharkhand) is one of the States in which the policy works poorly. It is important to understand why this is the case. Generally, policy changes and recommendations do not take the specificities of particular States into account. Yet, for the PDS performance to improve in Bihar and Jharkhand, it is absolutely necessary to understand why it works as it works, what the main bottlenecks are and where there are possibilities for improvement, if any. This paper makes such attempt: it describes the PDS in Bihar and Jharkhand, not only in terms of how it fails and what it does not accomplish, but also in terms of what it is and what it does. The activities and interests of the various actors involved in the PDS are described, and it is shown that many people do benefit from the present set-up, but that there are also people within almost all categories of stakeholders who are dissatisfied with the large-scale misappropriation of foodgrains. The PDS experience is then put in the context of the wider political economy of Bihar. The paper ends with some general observations regarding the process of food policy making and implementation. Furthermore, it discusses constraints and opportunities for reform of the PDS in Bihar and Jharkhand. It is argued that there is scope for change, but change requires strategic political manoeuvring and initially a low-key approach in order not to awaken and antagonise the strong vested interests.

1. Introduction

While Bihar and Jharkhand are among the poorest and most backward States in India, these States have hardly benefited from the Public Distribution System (PDS). It is estimated that 55 per cent of the Bihar population lives below the poverty line, while the all-India figure is 36. Economic growth rates are much lower than elsewhere in

---

1 This paper is one of the outcomes of a larger research project ‘Social Policies and Legislation in India. From Independence to Structural Adjustment’, financed by the Indo-Dutch Programme for Alternatives in Development (IDPAD). I would like to thank Mr. Alok Deo Singh for his research assistance. Earlier drafts of this paper were presented at the Indira Gandhi Institute for Development Research, Mumbai; the Institute of Social Studies, the Hague; and at the national seminar on Food Security in India. The Emerging Challenges in the Context of Economic Liberalisation. Hyderabad, March 2000. I would like to thank the contributors to these seminars and a few others for their comments, in particular David Dunham, Bridget O’Laughlin, Niranjan Pant and Alpa Shah.

2 "Expert Group on Estimation of Proportion and number of Poor", constituted by the Planning Commission under the Chairmanship of late Prof. Lakdawalla. The percentages calculated by the Expert Group refer to 1993-94. These figures of the Planning Commission are very high. According to the Market Information Survey of Households of the NCAER, 29 per cent of the Bihar population lived below the poverty line in 1997-98. The all India figure according to this survey is 17 per cent (Lal et al, 2001: tables 2B and 3). For a recent description of poverty in Bihar in more qualitative terms, see Mukul (1999).
India. The growth rate in the 1990s in the undivided Bihar (i.e. before bifurcation into the new States of Bihar and Jharkhand took place in November 2000) was 1.0-1.2 per cent, as compared to 6 per cent for the whole of India. Education and health facilities are very poor, and malnutrition is endemic. The World Food Programme classified the undivided State of Bihar as the only State in India suffering from extreme food insecurity (Daly and Bhattacharya, 2001). The calorie intake in 1993-94 was just below 2000 kcal per person per day in rural areas, which was below the all-India rural average and less than it was twenty years earlier. About 31 per cent of the children aged 0-4 years are severely malnourished, and this is more than anywhere else in India. (The all-India average is just over 20 per cent). Bihar is not self-sufficient in foodgrains. In the 1990s, the average annual production was 12.2 million tonnes foodgrains (rice and wheat), which is 128 kilos per person per year. In this light, one could argue that if there is a need for a properly functioning public distribution system somewhere in India, it would be in the States of Bihar and Jharkhand.

The people in Bihar and Jharkhand have, however, hardly benefited from the food distribution programme. As compared to other States, the undivided Bihar received less foodgrains through the PDS. In 1998, the per capita PDS foodgrain offtake from the Central pool was 9.5 kilo, which was about 50 per cent of the all-India average per capita offtake (Swaminathan, 2000). Moreover, a large proportion of what is lifted in Bihar does not reach the cardholders. According to a study conducted to the Tata Economic Consultancy Services (quoted by Ashtana, 2000), the all-India diversion of PDS foodgrain is 31 per cent for rice and 26 per cent for wheat. In Bihar these figures are 64 and 44 respectively. The impact of the PDS on poverty and inequality is small. On the whole, this impact is less than what one would like it to be, but in States like Andhra Pradesh, Gujarat, Karnataka and Kerala, the impact is considerably more than in poor States like Bihar, Orissa, Rajasthan and Uttar Pradesh (Radhakrishna and Subbarao, 1997).

In general, the fact that different States have benefited to different extents from the PDS, and, in particular, the fact that Bihar has hardly benefited at all has two main reasons.

1. The different treatment from the Government of India. Some States received much more from the central pool of foodgrains than others. Kerela, for instance, has got a favourable treatment since the mid-1960s onwards. The foodgrain allocation to Bihar, on the other hand, has been very low for a long time.
2. The different political economy within the States. Several factors are important: whether there is surplus foodgrain production or not; the extent to which food distribution is taken up as an issue in populist politics (as in Andhra Pradesh and some other south Indian States); the extent to which there is a powerful, articulated demand from the public for the PDS, etc. In short, the economy, the characteristics of the state and the political processes, as well as the characteristics of the civil society are all likely to be important for understanding the experiences of the PDS in particular States.

---

3 The all-India average in 1993-94 was 2153 kcal. In general, the picture in 1993-94 was worse than twenty years earlier (Swaminathan and Ramachandran, 1999).
4 Data from National Sample Surveys and National Family Health Survey. See Swaminathan and Ramachandran, 1999.
5 Data from Department of Agriculture, Patna. 128 kilos per person per year, means 10.7 kilos per person per month. The per capita cereal consumption in 1993-94 was 14.31 kilos in rural Bihar and 12.82 kilos in urban Bihar (Hanumantha Rao, 2000: table 1).
The fact that the PDS functions differently in different States calls for a differentiated approach. When there are specific state-wise political economic reasons for good or bad performance in particular States, what is needed are policies which address these issues, i.e. policies adjusted to the local or State-wise constraints and opportunities. This, however, is not happening. The Government of India has developed an all-India public distribution system, with all-India guidelines, and it wants these to be implemented in all the States. Individual State governments have made their own adjustments to some extent, and some States have complemented the GoI policies and subsidies with State-wise programmes. On the whole, however, policy thinking about the PDS happens in terms of grand schemes and big overall solutions. The specificities of particular localities are not sufficiently taken into account.

The rest of this paper will analyse the specificities of the PDS in the undivided Bihar (i.e. the new Bihar and Jharkhand) and will try to explain why the PDS works as it works. The next session is a description of the PDS in Bihar, and the third section focuses on the political economy of Bihar, which explains this poor state of affairs. The paper ends with some general conclusions regarding the processes of policy making and implementation, as well as some specific conclusions regarding the opportunities for improving the implementation of the PDS in Bihar.

2. PDS in Bihar and Jharkhand

According to the 1997 policy document of the GoI, Bihar would be entitled to 1031 thousand tonnes of subsidised foodgrains for the people below the poverty line. Given the fact that there are about 96 million people, of which 55 per cent lives below the poverty line, that is 53 million poor people, one can calculate that on average, according to this policy, there would be almost 20 kilo per poor person per year – a substantial increase as compared to the period prior to the introduction of targeting in 1997.

It is, of course, more accurate to look at actual lifting, rather than at allocation. Lifting in Bihar is good, i.e. after 1997. Before the introduction of targeting, lifting was poor. But since Bihar is entitled to a lot of heavily subsidised foodgrains for below-poverty line (BPL) families, it lifts almost all wheat (lifting percentage 96%), and 55% of the allocated rice. If one calculates the lifted BPL foodgrains per month, one arrives at an average foodgrain distribution of 1.4 kilo per poor person per month, or about almost 8 kilo per poor family (based on GoI estimate that there are 8.6 million families living below the poverty line). The GoI policy is 10 kilos per poor person per card. So, according to these calculations, distribution in Bihar comes close to the national policy.

In reality, however, only a part of the PDS foodgrains reaches the cardholders in this way. In our fieldwork, we found that many poor people have no red card (that is the card meant for below-poverty-line households), and that the foodgrains are

---

6 The paper is based on fieldwork done between 1997 and 2000, when the state of Bihar was not yet divided into the new Bihar and Jharkhand. Fieldwork took place around Patna and in south Bihar (now Jharkhand). The undivided state of Bihar is treated here as a homogeneous region, which is of course not correct. Even before bifurcation, there was a difference in the political economy of the north and the south. It is likely that these differences will only increase after the split of the State, something which would be interesting to study in more detail.

7 These percentages refer to December 1998. Source: Bihar State Food and Civil Supplies Corporation.
often not reaching the PDS shops in the villages (see below). The network of PDS dealers is quite reasonable, by the way. Altogether there are more than 59000 PDS dealers, which means that there is one PDS dealer per 1630 people.\(^8\)

In this section, the PDS in Bihar will be described in more qualitative terms. The entry point are the various actors involved.

**The PDS Dealers**

As I mentioned above, there are over 59000 PDS dealers in Bihar and Jharkhand. Their number has increased considerably in the past decade, partly because licences are given to political followers of the ruling party.\(^9\)

The commission on the sale of the PDS commodities is not large, and the official income comes to not more than Rs. 400-600 per month.\(^10\) This is comparable to what a landless labourer may earn, and much lower than the salary of the lowest office staff (attendant or sweeper).\(^11\)

Yet, it is obvious that, despite this low income, it is pretty lucrative to be a fair price shop dealer. People are willing to pay large amounts of money to get a licence to become such dealer. One of the ways in which the PDS dealers survive and make money is by having so-called bogus cards – ration cards that do not belong to any family but which are kept by the dealers themselves. The commodities they get for these bogus cards are sold on the open market. Apart from that, they also divert part of the rice, wheat, sugar and kerosene which is meant for real cardholders.

As long as the fair price shop dealers pay their monthly bribes to the officials of the Food and Civil Supply Department these officials usually do not undertake any action to stop the malpractices. On the contrary, they even help the PDS dealers to cover up their activities by informing them when inspection teams come etc.

Many dealers are also local level politicians, and several state level politicians started as a PDS dealer – in fact, the food minister in one of the governments in the 1990s also had a PDS shop. In south Bihar we found several examples of block level

---

8 In fact, this means that there are too many PDS dealers, and that the economic viability of the shops has come under further threat. See below in the text.

9 Between 1995 and 1999, the number of PDS shops increased by 11 per cent. In some parts of Bihar, where the RJD was strong and Yadavs the dominant caste, we can say that there was something like a ‘Yadavisation’ (Hauser, 1997) of the PDS. A few years ago, however, the food commissioner issued an order, saying that new PDS shops should be given to SC/ST. This was exactly in order to stop further Yadavisation of the PDS. This policy was not successful. The percentage of shops allotted to SC/ST category increased only by 4.2 per cent between 1995 and 1999, which is considerably less than the overall shop number increase rate.

10 For example, the monthly allotment to Ranchi district (in October 1997) was: 1853 tonnes wheat for below-poverty-line (BPL) families, 1237 tonnes rice for BPL families, 629 tonnes wheat for above-poverty-line (APL) families, 419 tonnes rice for APL families, 218 tonnes sugar and 1836 kiloliters of kerosene. There were 1624 PDS dealers in Ranchi district. The commission for the PDS dealers was 3.15 percent for foodgrains, Rs. 0.09 per liter kerosene and Rs. 5.85 per 100 kilo sugar. Altogether this means an average monthly income for each PDS dealer of Rs. 479.57. This is based on full offtake of the commodities. When only 50 per cent is available or lifted by the PDS dealers, the income is proportionately less. There are some additional earnings from the sale of the gunnybags, but there are also expenses. The PDS dealers themselves have to pay the transport of the commodities from the warehouses to their premises. This involves a bullock cart and some payment for the coolies who load and unload the cart. In addition to the official expenses, there are many unofficial expenses, like bribes to warehouse managers to people from the Food and Civil Supplies department etc.

11 It is important, however, that being a fair price shop dealer is normally not a full time job. Sometimes the dealers do not need more than a few days per month to finish the job. However, their urgency to get rid of the commodities as quickly as possible (and therefore not lift more from the warehouse than they can sell in a short time span) adds to access problems of the consumers/cardholders.
politicians who had a PDS shop. Whether the PDS shop is helpful in their political career, is difficult to say. But it is plausible that the political affiliations help to get protection in case of shop suspensions which are done in case of alleged malpractices. Various sub-divisional officials told us that they receive regular telephone calls from local MLAs, with a request to cancel such suspensions.

Interestingly, the PDS dealers are very well organised. There is a PDS dealers association which is very active. Its head quarter is in Patna, where it employs three office workers. In each district, and according to some informants even in each block, there are district and block office bearers. For various new policy issues, individual PDS dealers wait for the instructions from the association, before they decide what to do. A specifically interesting phenomenon is that the leader of this organisation – officially he is the secretary – is a very articulated man who is committed to the PDS. He was a follower of Jayaprakash Narayan, and, according to the story he told me, established the PDS dealers organisation on the advice of J.P. Narayan, because at that time the PDS was seen by them as a socialist policy. This leader does not run a PDS shop himself, but has a large charisma, and as far as I can judge, also a considerable command and authority over the PDS dealers. He has initiated many meetings to protest against the harassment of the officials and corruption of the officials, and he has taken up several court cases, for instance public interest litigation cases to complain about the fact that some rationing inspectors in Patna were posted for 15-20 years in the same posts while they should have been transferred after 3 years.

But while the association fights corruption and bureaucratic malpractices in Patna, some of the local level office bearers in the districts pursued mainly their own interests.

The would-be beneficiaries
Card distribution is poor in Bihar, so there are many poor people who should have a card, but who have never received one. In our fieldwork in south Bihar we found many people complain about the fact that they have never received a card, or that the foodgrains never arrived or that the dealer made false entries in their cards. On the other hand, we also found villages in which many people were satisfied.

Table 1 PDS in South Bihar (Jharkhand). Experiences in 15 villages

<p>| Palamu District | Chandwa Block | Village 1 | Almost everybody satisfied. PDS shop run by a cooperative. |
| Palamu District | Chandwa Block | Village 2 | Reasonable supply, but rice not available for last few months. Sometimes people have no money when shop is open. |
| Palamu District | Chandwa Block | Village 3 | Many poor households without red cards. Erratic supply and false entries in the cards. |
| Palamu District | Chandwa Block | Village 4 | Many poor households without red cards. Erratic supply and false entries in the cards; Foodgrains finished within 1-2 days. |
| Palamu District | Chandwa Block | Village 5 | Erratic supply, except to local Vigilance Committee members; villagers not informed about stock arrival. |
| Ranchi District | Silli Block | Village 1 | Poor distribution of red cards; those with red cards purchase the commodities, but often do not have money when foodgrains have arrived; influential people close to the PDS dealer have no problem in lifting. |
| Ranchi District | Silli Block | Village 2 | Random distribution of red cards. Those with cards were satisfied, although supply was irregular. |
| Ranchi District | Silli Block | Village 3 | Reasonable distribution; Some complaints about late arrival of stocks, and stocks finished within 3 days. |
| Ranchi District | Silli Block | Village 4 | No major complaints. Many people do not take sugar. |</p>
<table>
<thead>
<tr>
<th>Village</th>
<th>Problems and Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village 5</td>
<td>Many people without red cards. Some people with red cards had problems to arrange the money when stock had arrived.</td>
</tr>
<tr>
<td>Village 1</td>
<td>Village with two shops; one doing well, the other much less: irregular supply of foodgrains, late arrival of foodgrains finished within a day.</td>
</tr>
<tr>
<td>Village 2</td>
<td>Many deserving people without cards, false entries in the cards; irregular supply of foodgrains; sugar and kerosene somewhat better.</td>
</tr>
<tr>
<td>Village 3</td>
<td>Preferential treatment to people close to the PDS dealer; rice and wheat often not available.</td>
</tr>
<tr>
<td>Village 4</td>
<td>Many people without red cards. Small quantities of rice and wheat in the shop, and poor people sometimes not able to purchase on the day the stocks are available.</td>
</tr>
<tr>
<td>Village 5</td>
<td>Irregular supplies. False entries in the cards. If the foodgrains arrive at all, they are sold out within no time.</td>
</tr>
</tbody>
</table>

Source: Fieldwork done by Alok Deo Singh, 1999. The table summarises the main findings in 15 villages on the basis of 10 interviews in each village with randomly selected villagers and occasional group interviews. The villages are spread over the blocks: some close to the block capital, others more remote.

The main problem (see also table 1) is that PDS commodities arrive late and irregular, if at all. The villagers are poorly informed, and certainly not in advance. This means that the poorest among them may not have sufficient cash ready available when the foodgrains arrive in the shop. The PDS dealer will only transport so much as he expects to sell within one or two days. In short, there is a physical access problem, in the sense that the commodities may come with irregular intervals or not at all. There is also a problem of economic access, in the sense that the poorest people do not have cash ready at the moment the stocks arrive. Yet, on the positive side, all villagers we interviewed knew about the PDS and knew what a ‘red card’ (a card meant for the BPL population) was. This, I have been told, was very different 15-20 years ago.

Since 1997, as per Government of India guidelines, vigilance committees have been introduced at various levels: district, sub-divisional, panchayat or ward, and shop level. Membership of the first three types of vigilance committees is almost completely politicised, and it is mainly local level politicians who are appointed (see below). At the shop level, the members are usually selected by the PDS dealers themselves and are often not aware of the tasks they have to do.

During the fieldwork, we have tried to find out whether there are examples of positive experiences, for instance villagers who organised themselves to fight for a better PDS system. We came across one interesting example in Bhojpur district, not far from Patna, where villagers had started to protest against malpractices. This was then taken up by the local CPI(ml) and together they had forced the officials to suspend the PDS dealer. But, while these kind of cases abound in a State like Kerala, where on the whole PDS works much better, in Bihar they are rare.

Fortunately, however, there are other people who take up the cause of the consumers/cardholders, in particular some reporters of Hindi newspapers. There are regular small reports in these newspapers about the malpractices which are going on. There are also some reporters who have a special interest in PDS issues and write regularly about them. Doing this is not easy in Bihar, however. I interviewed one such reporter in Ranchi. He is a journalist of the Ranchi Express, and he told me he is regularly threatened when he publishes about the PDS and the mafia involved. He receives anonymous telephone calls, in which he is told that his daughter will be kidnapped or that he will be killed. The following quote is the translation of a
A reporter of local newspaper, Mr. Rajendra Prasad, was arrested in Khunti for writing against the ration mafia. A First Information Report (FIR) was lodged against him by three PDS dealers who had complained to the subdivisional officer. In the FIR the reporter was alleged to extract money from tribal people and harijans and threaten some PDS dealers to get their licence cancelled if they would not pay him.

It should be mentioned that the reporter Rajendra Prasad has been writing about corruption and blackmarketing of PDS ration and about smuggling of forest woods of Murhu and Khunti block for the last two years. He has also written several articles about the alleged connection between ration mafia, police and government officials. It is believed that such reports about bungling with the PDS ration in open market have annoyed some PDS dealers who then tried to implicate the reporter in false cases. The reporter has said that police in charge of Murhu and some government officials along with PDS dealers had already threatened him before for writing such articles. He and his family also used to get threatening telephone calls.

The reporter was arrested at midnight. The police abused him and pulled him forcefully out of the house. They also tried to molest his wife. The three PDS dealers who have lodged the FIR are said to be under the control of a bigger ration mafia operating in the region.

Apart from journalists, there are also a few consumer activists and organisations, mainly active in Patna and other towns. Although food distribution is not their main concern (which is water, electricity supply etc.), they take some interest in the PDS. Occasionally, they have tried to influence PDS implementation, for instance, by lobbying for the inclusion of a consumer activist in the vigilance committees.

The bureaucracy – the Department of Food and Civil Supplies

Like in all other States, the Department of Food and Civil Supplies has its presence all over the State. The department is headed by the Commissioner who is also the Secretary. The lowest officials are the supply inspectors. They may have 40-60 PDS dealers to check, and are supposed to visit each of them every month. Above them, in urban areas, there are the marketing inspectors, who are supposed to visit 50 per cent of the shops every month. Then there are assistant district supply officers and district supply officers. In four urban zones, there are SORs, special officers rationing. At the block level, there are mainly two people: the block supply officer and the supply inspector.

The department is very corrupt. There are set amounts that PDS dealers have to pay to the supply inspectors and this money is redistributed with higher level officers. These higher-level officers themselves may also be involved in money collection and/or blackmarketeering.

I must say, however, that I can understand the low morale and corruption, especially in the case of the lower level supply officers and inspectors. In one of my trips I visited Karra block in Ranchi. The office of the block supply officer was in a rather dilapidated state. It looked like a shed, with a roof with many holes in it. There
was no electricity, also not in construction. In the summer it must be terribly hot; in the rainy season, the rain would come inside through the holes in the roof. The office was hardly furnished. There was one table; there was one chair in reasonable condition, and two others on which one could only sit after putting a piece of stone or wood on it. There was one pile of old files somewhere in the corner. Otherwise, there was nothing. The block development officer lived in Ranchi (about 3 hours by bus), and I would admire him if he would decide to come to this office more than once or twice a week.

Apart from monitoring the distribution process, card distribution is also a task of the bureaucracy. As per official guidelines from the Government of India, “Gram Panchayats and Gram Sabhas should be involved in the initial identification of the eligible families” (Government of India, 1997:3) In Bihar, this is a problem because these institutions do not exist.13 There have been no elections since 1978. What has happened instead is that the red cards have been sent to the district magistrates; they have passed them on to the sub-divisional officers, who have given them to lower ranks officers, and finally, in many places the cards were given to the PDS dealers themselves to distribute. It is, hence, not surprising that many of them have kept a considerable part of the cards themselves.

But what is also important to mention in a discussion of the bureaucracy is that, although corruption is very widespread and institutionalised, it is not true that each and every officer is involved to the same extent. There are several honest people as well, or people who feel that they are forced to participate in the system of money collection but who do not like it very much.

One of the problems is, however, the transfer system. Transfers are extremely politicised in Bihar. Many transfers need the clearance from the Chief Minister him/herself or from the concerned Minister. Sometimes money transfers are involved, because some of the departmental staff members will try to influence their transfers through payment. They will have to earn this money back in the course of 1-3 years. At the higher level of the bureaucracy, the transfers obstruct a longer-term commitment with the PDS. A critical attitude is certainly not rewarded positively. Between 1997 and 1999, there have been three secretaries/commissioners. The two that were transferred in this period were both transferred because they refused to cooperate with the Food Minister in his way of money collection and his decisions about transfers of the departmental staff.

The bureaucracy – the Bihar State Food and Civil Supplies Corporation

The Bihar State Food and Civil Supplies Corporation (SFC) is the only wholesale agent for PDS food grains. There are several major problems with the SFC. There is not sufficient infrastructure (warehouses, vans, etc.) to distribute the foodgrains properly (Jharwal, 1999:46). The mobile vans, meant to bring the foodgrains from the godowns to the shops are all in need of repair or there is no driver or no fuel. The SFC is in an extremely poor financial shape. There is no working capital to purchase the PDS commodities from the FCI; it is the PDS dealers who have to advance the money every month. The Corporation is overstaffed.14 There are districts in which the SFC still needs to pay 12-24 months salaries to the depot managers and other Corporation staff members. Given this fact, it is not surprising that the assistant godown managers are “a

13 Elections will now be held soon, however.
14 Early 2000, the Corporation had about 2200 employees. For a long time the Ministers were the chairmen of the SFC, and they (mis)used their position to give jobs to people they wanted to give jobs to.
demoralised lot”, as one informant described them, and that illegal sales of the commodities and misappropriation of money occur regularly.15

The politicians – Food Minister, Members of the Legislative Assembly (MLAs) and local politicians

The two politicians who were the subsequent food ministers during 1997-2000 were both very corrupt, even to the extent that they visited the districts themselves to ask for money from the concerned officials. Most Members of the State Legislative Assembly (MLAs) are not very interested in the PDS. Some have some involvement in the sense that they approach officials to do pairavii6 on behalf of PDS dealers in case of suspensions etc. However, there are exceptions: MLAs who take a serious interest in the PDS, who have raised questions in the Assembly, or who have started public interest litigation in relation to wrong and incomplete card issuing and improper distribution.

Yet, as compared to south India, there seems to be little interest from the state-level politicians in a properly functioning PDS. In south India, these politicians regard the PDS as something that can give them political mileage, but not so in Bihar. In an earlier paper (Mooij, 1999), I formulated 4 hypotheses which could explain why politicians in Bihar do not regard the PDS in that way:

1) Politicians in Bihar do not require food to increase their popularity. They pursue other strategies to attract votes.

2) Politicians in Bihar are not capable to make the PDS delivery system function in such a way that they could get political mileage out of it. They do not have sufficient control over the (food) bureaucracy in order to force it to deliver the goods to the people. Or they cannot control the local level vested interests (PDS dealers, local politicians) sufficiently.

3) The present system in which about 85 per cent of the commodities are diverted to the black market offers the Bihari politicians more than a system which would benefit the consumers/cardholders.

4) Politicians in Bihar are faced with a different situation than in South India. The poor in Bihar are too poor for the PDS. Households which are permanently indebted cannot buy PDS commodities. So, the basic problem is one of demand. This problem cannot be solved by special schemes or proper implementation.

The answer that I gave in that paper, and that is confirmed in subsequent research, is that in any case the first and the third hypotheses contain some truth. The fourth may also be true, but I found that most villagers and cardholders whom we interviewed were still interested in the PDS, although, indeed, at times some had problems to arrange the required amounts of money at the required day. The phenomenon described in the second hypothesis may also be true, but I doubt whether it is relevant. Lack of capability only matters when there is a will or an interest to do something.

In Mooij (1999), I argued that the present set-up with huge diversions to the open market is more profitable for the politicians than a properly functioning PDS. There are at least three reasons. First, the system offers politicians (mainly MLAs and Members of Parliament) a possibility to offer lucrative posts to fellow caste people or political followers (licences to run PDS shops or membership of vigilance committees). Second,

15 Statement based on newspaper reports and interviews with officials of the SFC and some other officials.

16 *Pairavi* is the act of requesting authorities for action in favour of a beneficiary by utilising one’s own (*pairvikar’s*) position, influence or office. The *pairvikar* is often a politician, and the authority approached is often an official (Verma, n.d., footnote 16).
there is a possibility to extort money from the PDS dealers. The minister and ruling party politicians may benefit from this money. Third, the payments for transfers of people working within the food bureaucracy is a source of money for the concerned minister and the Chief Minister. These payments require diversion of foodgrains, as ultimately that is how the money is generated.

*Mafia and Rangdars*

We came across many accounts of what people call ‘mafia’. Unfortunately, so far I have not been able to get a really good impression of the mafia. It seems the transporters of the PDS foodgrains – there is no doorstep delivery, and the foodgrains are transported by private contractors from the FCI godowns to the block-level warehouses – are important in this mafia. They divert a part of the PDS foodgrains, possibly assisted by FCI people and/or SFC assistant general managers. For a long time, transportation of PDS commodities was not a lucrative job. But since the introduction of targeting, the price difference between BPL foodgrains and open market foodgrains is huge. Diversion of one truck (10 tonnes), can give an illegal earning of about Rs. 60000.

At the local level, there are many petty criminals, the so-called *rangdars*. Many benefit from protection from the local MLAs, and, in turn, these *rangdars* may play a role at election time in booth capturing or threatening people when they cast their votes. Several people told us that *rangdars* can easily force the PDS dealers to give them some money or food. For instance, when there are political rallies, they harass the PDS dealers and force them to contribute some money. According to a Block Development Officer, some *rangdars* may also ask money from local officials.

This description of the main actors in the PDS system in Bihar is rather gloomy. It shows that there are many problems, and also that there are many people who benefit in one way or another from the way the system works at present. But what is also clear is that there is diversity. Not everybody participates to the same extent in all these malpractices. There is an association of the PDS dealers which takes up some important issues; there are committed journalists; there are a few MLAs who have a serious interest in a better PDS; there are some people within the department as well, who would like the system to function differently. Nevertheless, the overall picture is a rather depressing one.

---

17 PDS dealers have to pay regular amounts to the rationing inspectors and the market inspectors. In Patna, the capital, there are 1100 PDS dealers. They have to pay a fixed amount of Rs 500 each per month. (This was the amount in October 1997. During later visits higher amounts were also mentioned to me.)

This means that each month about half a million rupees are collected and send up in the hierarchy. Apart from this, the PDS dealers have to pay for special purposes. Because the sector is very well organised it is an easy target for occasional demands for money. As one informant told me: ‘Occasionally there are solidarity meetings of the Rashtriya Janata Dal. People come from rural areas, and they have to receive a food packet during the rally. What happens is that the District Magistrate and the district rationing officer call for a meeting of all supply officers. They discuss the problems with the PDS. Then, in the last minute, they say: “You might be knowing, there is a demonstration for the RJD. Please help”. Informally all supply officers are informed about how much money they should collect from each PDS dealer. The whole city is divided among the supply officers; each of them has 20-70 PDS dealers to check. They collect Rs 500 or 1000 from all of them. They say: “You can sell whatever you want on the black market, but please contribute to the rally”’. (Interview in Patna, 9/7/1998)

18 This word is also used in Hindi. It is used in a rather loose sense, to refer to criminal activities. It does not refer to the networks and societies of criminals as exist, for instance, in southern Italy.
3. The Political Economy

The objective of this section is to locate these characteristics of the PDS in Bihar in the wider context of the Bihar political economy. In a sense, there is nothing special about the way the PDS works. Sharma (1995) reviews the implementation of several anti-poverty programmes in Bihar and concludes that

\[\text{the measures taken for direct intervention for poverty removal have \ldots}\]
produced unsatisfactory results, mainly due to deficiencies in the delivery system. The different organs of the delivery system – panchayats, the bureaucracy, cooperatives, etc – have really served the interests of the rich who cornered benefits even from those schemes which were specifically meant for the poor. (p. 2601)

**Ineffectivity of the government**

Several scholars have pointed at the governmental ineffectivity in Bihar (Kohli, 1991) or the ‘withering away of the state’ (Sharma, 1995:2587). There are at least three interrelated aspects to this governmental ineffectivity: a) the deprofessionalisation of the bureaucracy, b) the criminalisation of politics, and c) the violence in the State. I will discuss them briefly and relate them to the PDS.

Deprofessionalisation is an important characteristic of the Bihar government. The more competent civil servants are replaced almost as soon as they do not give in to the wishes of their political superiors. What matters to ministers is political loyalty, rather than competence. Professionalism is not valued, rather the reverse.

The bureaucracy has not always been like this in Bihar. In fact, for some time, even after Independence, Bihar was regarded as one of the best ruled States. From the 1960s onwards, however, the factions within the ruling upper castes, and joined in the Congress party, began to fight more and more openly amongst themselves. Moreover, from the 1970s onwards, Congress politics had changed in the whole of India, and absolute loyalty to the leader Indira Gandhi became more important than professional competence. Criminalisation of politics also became a more normal phenomenon. (About these developments in Bihar, see Kohli, 1991). This criminalisation is still an important and very tragic characteristics of politics in Bihar. In February 2000, State Assembly elections were going on in Bihar, and the newspapers were very critical of the fact that most political parties had allowed criminals to contest. Some of them were even in jail or released on bail, accused of involvement in rape, fraud, bribery, murder or other criminal cases. In one such newspaper article, the leader of the Samata Party defended his party’s policy, by saying that he personally regretted the fact that his (and other political parties) had so many people with criminal records as MLA candidates, but “we have to take the winnability factor into account”. Although, this may seem strange to outsiders, it is indeed exactly what is the case. In a State where so little works, it makes sense for people to vote for musclemen. To quote Prasad:

The majority of the voters are illiterate and unsophisticated but at the same time socially and politically alert. They do not hold the authority of the government in a high esteem. In a state where the administrative machinery has been rendered by and large dysfunctional, the voters are inclined to elect someone who can act

\[\text{Of course, this is a very one-sided picture. The landreform (ceiling legislation), for instance, was hardly implemented in Bihar, and the so-called stable and more professional government was almost completely dominated by members of the Brahmin or Kayasthas castes (Frankel, 1989).}\]
tough and 'get things done' by the administration. The search, therefore, is not for the one who can conceive of a good legislation or initiate an informed debate in the house, but for the ones who can arm-twist the right person at the right place and have things delivered. This partially explains how and why undesirable elements get nominated by all political parties across the board and why elections in Bihar have been increasingly rough, violent and corrupt. (Prasad, 1997:3028)

This brings me to the third aspect: the high level of violence in Bihar society. There is not only violence in politics, but in almost every sphere of life. As Das (1998:3103) observes, “the legitimate economy is stagnant and the only ‘growth sector’ is crime”. The state itself is very violent, but apart from that, the Bihar state has also practically abandoned the idea that it should try to maintain a monopoly over the use of the means of coercion (Kohli, 1991:219). Unable to deal with the resistance of agricultural labourers in various parts of the State, it has encouraged, or in any case not taken any effective action against, the establishment of private armies, the so-called Senas. These Senas take law and order in their own hand. They are involved in harassing, assaulting and killing the landless and Dalit population, resulting sometimes in extremely barbaric massacres.20 These Senas are organised along caste lines. There are also counter-attacks from the Dalit population against the local upper caste or OBC landlords.

All these three aspects of governmental ineffectivity are reflected in the implementation of the PDS in Bihar. The description in the previous section shows the lack of a serious interest among the officials to implement the PDS properly. And those IAS officers in senior positions who are committed and refuse to cooperate with the Minister in activities they regard as illegitimate are transferred sooner rather than later. Some of the people who are involved in food distribution, whether to cardholders or to others, are petty or not-so-petty criminals. There is a clear nexus between PDS dealers and local politicians, who give protection to the dealers. And it is partly with the help of violence that attempts are made to silence people who protest against the malpractices, as happened in the case of the newspaper reporter referred to above.

The next question to raise is, of course, what the reasons are for this governmental ineffectivity. What are the structural characteristics of the Bihar economy and society which underlie this state failure. There are, in any case, two important structural characteristics: Bihar’s underdevelopment and economic stagnation on the one hand, and the changing political landscape and breakdown of the traditional political order on the other.

Underdevelopment and stagnation
In the 1990s Bihar growth rate has been between 1.0 and 1.2 per cent per year, while the national average for the whole of India was around 6 per cent. It has the lowest per capita income of all the major States in India. It is one of the most densely populated States of India (coming third after Kerala and West Bengal). Both industrial and agricultural development are poor.

Ever since Independence, the industrial growth rate in Bihar has been lower than the national average.

Disturbing as this is, what is more disturbing is that while national industrial growth shows some tendency towards acceleration, there is a clear tendency

---

towards deceleration in Bihar. The average national industrial growth rate as a whole increased from about 5% in the ‘60s to about 8% in the ‘80s. During the ‘60s, Bihar’s industrial growth rate was roughly the same as the national growth rate. Since then, it has decelerated from about 5% to about 4% in the ‘80s. During the ‘90s the position may have worsened. (Gupta, 1997:23)

What is interesting is that the relatively large industries develop more or less at par with industries elsewhere in India. The reason is that these industries, mainly basic metals and transport equipment, do not depend on the local economy, but are integrated in national and global markets. It is especially the small industrial units that depend on local supplies and on the local market for their end products that do very poorly and cause the deceleration (Gupta, 1997:23-4).

Bihar, thus, is not only a rural, but also a very agricultural society. It has the highest proportion of population living in rural areas (87 per cent, as compared to the national average of 74.3 per cent), next to only Assam (Sharma, 1995:2587), and its population depends to a very large extent on agriculture. There is a retrogression in the employment structure. Sharma (1995:2589) shows that the share of the primary sector in employment has gone up from 80.23 per cent in 1961 to 82.36 per cent in 1991, while the share of the secondary sector declined from 8.28 per cent in 1961 to 4.64 per cent in 1991. Even the absolute number of people employed in the secondary sector declined.

As a result, an increasing number of people depend on agriculture for their livelihood. The agricultural performance is, however, unfortunately, also not very good. During the first decades after Independence, agricultural growth was very poor, and during the Green Revolution period (1964-65 to 1979-80) when cereal production in India as a whole increased at a 1.8 per cent compound rate, in Bihar the rate was only 0.1 per cent (Blair, 1984:55). Since the mid 1980s the growth rates improved, and became even higher than the national average (Sharma, 1995:2591), but the growth rates decelerated again in the 1990s (Sharma and Kumar, 1997:397). In short, especially in view of the large and increasing population that crucially depends on agriculture for its livelihood, the situation is very problematic.

One of the main reasons for the slow agricultural growth is the prevailing agrarian structure, which is often characterised as semi-feudal. The abolition of the Zamindari system after Independence meant the transfer of some lands from the upper castes to the larger occupancy tenants, who were often from the backward castes (mainly Yadavs, Koiris and Kurmis). The ‘ceiling legislation’ was very poorly implemented. It is estimated that about 10 per cent of the total cultivated land changed hands from the zamindars to the intermediate size cultivators. The Green Revolution took hardly place in Bihar, but as far as it took place, it was instrumental in the emergence of a new category of kulak farmers. Many of them belong to the upper backward castes, the Yadavs, the Koiris and the Kurmis (Sharma and Kumar, 1997:404).

The term ‘semi-feudal’ is used to describe the agrarian structure because “precapitalist” economic relationships such as sharecropping, usury and bonded labour still persist. Sharecropping is the most common form of tenancy in Bihar, and in some areas share croppers account for about 40 per cent of the rural households. To quote Sharma and Kumar (1997:396-7)

A study conducted in 1980-81, showed that two-fifth of the rural households leased in land in the plains of Bihar [which the northern part of the State] (…)

and about 28 per cent of the total cultivated area was being leased in, of which about 70 per cent was on crop-sharing basis (Prasad et al, 1990). Apart from 50 per cent share in crop output, even straw was shared and almost the entire cost was borne by the sharecropper. The survey further revealed that about three-fifth of the rural households were indebted to the traditional sources of loan (money-lenders, employers, etc.), the corresponding percentage for agricultural labourers being more than 80 per cent and for poor middle peasants more than 60. Almost one third of the agricultural labourers were attached to employers and almost invariably they had to work exclusively for them.

There were some changes in the 1980s, but according to a more recent study crop sharing remains the principal form of tenancy.\footnote{A study of the L.B.S. National Academy of Administration conducted in 1990-91, referred to in Sharma and Kumar (1997).}

In this situation of an increasing population depending on a stagnating agriculture, conflicts are bound to arise. The total cake is not growing, but those who dominate the social structure continue to try to increase their share by intensifying surplus appropriation. This is not possible without force, debt bondage, reference to a rigid caste hierarchy and other semi-feudal mechanisms (Kohli, 1991:230; Sharma and Kumar, 1997: 399). At the same time, people have become increasingly vocal (see below) and do not accept the extreme exploitation. This has led to very violent rural conflicts.

This underdevelopment and economic stagnation also explains in part why the state itself has become the prize over which rival caste groups are fighting (Frankel, 1989:47). In the absence of economic development and growth of the private sector, the state is the main provider of jobs and other resources. This partly explains why there is still a considerable interest in getting a license to run a PDS shop. Even though, strictly speaking, the business is unviable, it is better than nothing since it gives access to food, relations and local influence.

Changing political landscape and breakdown of the traditional political order
But while there is underdevelopment and stagnation in the economic sphere, the changes in the political sphere have been quite dramatic. For a long time the political landscape was fully dominated by the upper castes. When the provinces of Bihar and Orissa were established in 1912, the main beneficiaries were the Kayasthas. This caste group got the lion share of the higher level government jobs. In succeeding years also the other ‘twice born’ castes entered the political arena: the Bhumihars, the Rajputs and the Brahmins (Blair, 1984:62). There was much struggle and competition amongst these caste groups, and this rivalry continued after Independence. At the same time, however, there was a basic understanding amongst these caste groups that they should rule Bihar, and together they dominated the Congress party.

The introduction of universal suffrage after Independence necessitated for making some concessions and giving patronage to lower castes\footnote{In the 1930s already, the three great Sudra communities (Yadavs, Kurmis and Koiris – now all OBCs) had tried to organise themselves in opposition to the high caste Congress. At that time they failed, but given the facts that the Sudra castes in Bihar constitute together almost half of the total population of the State and that political mobilisation in Bihar proceeds to a large extent via caste mobilisation, it was almost inevitable that at some point in time the old order would break down.}, but the first real challenge to the upper caste/Congress hegemony came in 1977, when a non-Congress government was elected in Bihar and reservation policies for backward castes were put
on the agenda. The real change came only in 1990 with the ascent of Janata Dal and its leader Laloo Prasad Yadav, who has ruled the State more or less continuously since then.25

In caste terms, it is the upper jatis among the backward castes who have become the new ruling castes: the Yadavs, the Kurmis and the Koiris. Among them, the Yadavs dominate, both in number and in terms of political representation. The lower backward castes are much less represented in the JD/RJD regime of the 1990s (Kumar, 1999). In class terms, it is the kulaks, who have played a major role in the changing political arena. This class of farmers had benefited from the agricultural growth as far as it had taken place, and they had been successful in cornering most of the loans and other benefits from the government. It was this self-aware kulak class succeeded in challenging the upper caste/traditional landlord political dominance.

A second struggle which affected the political landscape in several parts of Bihar is that between upper and backward landowners on the one hand, and the Dalit or landless population on the other hand. In the last decades there have been forceful movements of the small peasants and landless labourers, fighting for homestead land, the enforcement of minimum wage laws, recognition of sharecroppers rights, etc. (Mitra and Vijayendra, 1982). These fights take and took place under the banner of several organisations: the CPI, the CPI(ml), the Indian People’s Front, the Bihar State Kisan Sabha, the Maoist Communist Centre etc. Some of these groups are underground, and by the law and order establishment of the government they are all clustered together and labeled as ‘Naxalites’ (Hauser, 1993:88-9).

The violence with which these movements are countered is horrific. The landowning castes have established their own private armies to deal with the Dalit uprisings. The government has allowed the violence to increase and become more and more normal.

Also this second factor (the changing political landscape) is crucial for understanding the governmental ineffectiveness, and together with the first factor (economic stagnation) underlies the failure of the PDS in Bihar.26 The political mobilisation along caste lines in Bihar and the increasing political representation of the OBC castes have resulted in a situation in which also state resources are distributed mainly along caste lines. In the 1990s, the other backward castes are the main beneficiaries. Moreover, the on-going violent struggles, the fact that this violence has become normal and the ambiguous position of the Bihar government vis-à-vis this violence, means that the rule of law has given way to the rule of muscle and money power. Those who are powerful often also benefit from political protection. The proper implementation of a policy like the PDS is seriously affected by all this.

4. Conclusion and Discussion

In this paper I have analysed the way in which the public food distribution is implemented in Bihar (now Bihar and Jharkhand). This analysis showed that there are many problems. There is large-scale misappropriation of foodgrains at all levels; the distribution of cards to BPL families is unsatisfactory; the Bihar State Food and Civil

25 More or less, because there have been short intermittent periods of ‘Presidential Rule’, and since 1998 it is no longer Laloo Prasad Yadav himself but his wife who heads the government. In 1998, there was a split in Janata Dal, and Laloo Prasad Yadav now heads the Rashtriya Janata Dal (RJD).

26 Of course, there is no underlying argument here that the previous political landscape was more desirable than the present one. See my earlier footnote 19.
Supplies Corporation is financially not able to perform its task. Many people benefit from the way the public distribution system functions at present. Some PDS dealers get a reasonable income, as do many civil servants and others who are involved in monitoring the system. The Food minister as well as some other politicians also have vested interests in the way the system works.

In the next part of the paper I described the political economy of Bihar. The problems with the PDS are not exceptional; in fact, they are part of a larger patterns of governmental ineffecitvity. The reasons behind this failure on the part of the government are economic stagnation and underdevelopment, and the changing political landscape. Given this political economic context in which the PDS is implemented, the observed problems are not surprising. There is almost no growth, so whatever scarce resources are available, they are appropriated through legal or illegal means. In the case of the PDS, these are public resources. They include foodgrains, posts (PDS shop licences, vigilance committee memberships, official postings), and also the discretionary powers to decide about these licences and postings. These are different kind of resources, but they are all scarce and highly valued, and people fight for them. These public resources are all misused and the benefits are (mis)appropriated to a large extent. The appropriation happens partly along caste lines, as this is one of the important mechanisms of how access to state resources is organised in Bihar.

So, a first important point to make is that the form PDS has taken in this State reflects this wider political economy, and cannot be understood without contextualisation within this political economy. A second point is that, when this is the case, proposals for reform and improved performance should take this context into account, and are likely to fail when they do not, i.e. when they assume a political economic vacuum in which policies are implemented.

These two points may seem fairly obvious, but they are often not sufficiently realised, and there are structural reasons for that. Policy makers who design policies often do this far away from where these policies have to be implemented. There is not only a geographical distance, but also a social one. Food policies are shaped at the central level, by Central state politicians, but mainly by civil servants. These politicians are less concerned with their immediate popularity than their colleagues at the level of the federal States. The Central state politicians may try to protect the interests of their constituency, but when it comes to general policy matters, they are faced with the necessity to bring down budget deficits, to ensure economic growth, to give and take to/from other political parties in a coalition government, to satisfy international agencies and important collective national interest groups (such as national industrialists or the rich farmers’ lobby), etc. The involved bureaucrats are also less aware of the practical and political difficulties at the local level resulting from their policies. The implementation arena, at the State and local level, is a very different one. The State politicians are potentially much closer to the people for whom the policy was meant to make a difference, but also much closer to others who have a vested interest. In a State like Bihar, where there is no articulate demand for a proper implementation, these State-level politicians allow various malpractices around the PDS and continue to benefit from these. The same is true for many of the local bureaucrats involved in policy implementation.

This brings us inevitably to the question what a more local/State specific policy would look like in the case of Bihar. The political economic context is there to stay, in any case for some time. This is a real constraint, and it makes one wonder whether anything can be done at all. Is there an almost unsurmountable bottleneck,
which makes all attempts for reforms and improvements futile? Such interpretation is too negative and cynical, although these feelings of powerlessness and futility are widespread, also among many government officials in Bihar itself. Many IAS officers and others have become rather cynical and/or feel that they are wasting their time and talents in the office (but no alternatives are available to them).

Yet, I do think that there are options for reform and improvement. As highlighted above, within almost all categories of people involved there are individuals and organisations who are dissatisfied with the way the PDS functions. So, there are seeds for change. It could be tried to bring these dissident voices together and to mobilise them in an attempt to make some improvements on a small scale. There are precedents of such attempts. Sharma (1995:2600) refers to a few “highly localised success stories”.

Such successes are generally caused by ultra-enthusiasm on the part of a small group of administrators who decide to implement a programme on a ‘mission basis’ in a rather small area. Mobilisation of the rest of the bureaucracy is done by pressure as well as persuasion, and the small size of the project area enables the group to closely monitor the programme. As is expected, even one small positive step of the administration enthuses the expected beneficiaries to take two steps forward and thus it generates a momentum, ensuring the success of the programme.

Also in the case of the PDS, it could be tried to initiate change on a small scale, by bringing the various dissatisfied stakeholders together, in an attempt to develop practical solutions to the various problems. A small pilot project in one or two blocks will not threaten the vested interests in a serious way. Because the PDS continues in the same manner in all the other blocks and districts, there will be no income loss initially for those people who are used to get an illegal income from the PDS. In due course, of course, this has to change. When the project is successful and people in other parts of the State start demanding something similar, there could be a real income loss. The success will then depend on the strength of the people’s demand for a clean PDS.

A number of conditions have to be fulfilled for such a project to work. There has to be a dynamic food secretary/commissioner, who is committed to the PDS. There has to be some financial support and political backing from within, but perhaps also from outside the State. There should be a sufficiently large number of people from all normally benefiting stakeholder groups (PDS dealers, officials, local politicians, MLAs) who are dissatisfied and who can be brought together. And last, but most important, there should be some political awareness and willingness to fight amongst the expected beneficiaries.

Some of the conditions for a change in positive direction are fulfilled. The last condition, for instance, is fulfilled in several areas of Bihar. Although many people are caught up in extremely exploitative relations depend for their immediate survival on landlords and moneylenders, they are willing to involve themselves in various struggles. So far, there struggles have hardly centered around the PDS (or any anti-poverty programme for that matter), but there is no reason why they could not be, provided there is a possibility to change things for the better. Other conditions are still to be realised: financial support, some political backing. The realisation of these conditions will not be easy.
Overall, what is needed is a rather unconventional approach in the field of policy making: political manoeuvring, lobbying and strategic alliance building, rather than the formulation of new policy directives from the state capital or from Delhi, more squads or guidelines. Improving food distribution policy has to be a political process in which the (few) well-willing stakeholders come together to act strategically and in which a lot will depend on the pressure exercised by the potential beneficiaries.

References


Swaminathan, Madhura and V.K. Ramachandran (1999)
Verma, R.K. (not dated)
*Dimensions of Mid-Term Lok Sabha Elections in Bihar.* (mimeo)