
Politics of Performance

A Comparative Study of Delivery of
Good Governance by different
Political Parties in India

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Preface

We, at Public Policy Research Centre (PPRC), New Delhi, are delighted to present this report titled '*Politics of Performance – A Comparative Study of Delivery of Good Governance by different Political Parties in India*'.

India is a multi-party democracy and every party is guided by its unique ideology. Every party aims to maximize the welfare of the people but have different approaches in achieving this aim. It becomes necessary, then, to distinguish political parties on the basis of scientific and logical analysis with regards to the quality of their governance and particularly their credibility on the count of good governance. By and large, during the 67 years since Independence, India has experienced four major types of governance models: that of the Congress, BJP, Left Front and Regional Parties.

At PPRC, we attempted to compare the performances of these four governance models on the basis of various governance indicators and the resultant socio-economic outcomes. It is our considered opinion that a comparative study of this sort will add to the marketplace of ideas, hence strengthening our understanding of and participation in democracy.

In this study, the quality of governance at the state and national level under the rule of different parties is compared and analyzed. Data were collected from a variety of sources, for the years from 1991-2013, and for all states and Delhi (or as available) and on the national level. The data for each year were then analyzed against the party that was in power in the corresponding State and in the centre for that year. With this methodology the difference in quality of governance between BJP-rule, Congress-rule, Regional Party Rule (RP) and Left Front-rule in the states and centre was compared and analyzed.

We measured governance at the national level between the two parties that have held office and between the four types parties that have held office at the state level. We then measured the social and economic outcomes of this governance at the state level.

In the end, I must put on record my appreciation to the research fellows working with the BJP. We would be happy to get a candid feedback from our readers.

– Dr Vinay Sahasrabuddhe

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List of Abbreviations

AIADMK: All India Anna Dravida Munnetra Kazhagam
BJD: Biju Janta Dal
BJP: Bharatiya Janta Party
CBHI: Central Bureau of Health Intelligence
CPI: Corruption Perception Index
CSO: Central Statistical Organization
EFW: Economic Freedom of World
GCR: Global Competitiveness Report
GDP: Gross Domestic Product
GoI: Government of India
GSDP: Gross State Domestic Product
IMR: Infant Mortality Rate
MMR: Maternal Mortality Rate
NDA: National Democratic Alliance
PRS: PRS Legislative Research
RBI: Reserve Bank of India
RP: Regional Parties
SIT: Special Investigative Team
SP: Samajwadi Party
SRS: Sample Registration Survey
UNDP: United Nations Development Program
UNESCAP: United Nations Economic & Social for Asia Pacific
UPA: United Progressive Alliance
WGI: Worldwide Governance Indicators

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1. Introduction

In democratic politics, the performance of a government is critical to its legitimacy. In a multi-party democracy like India, political parties have differing agendas. Each political party's actions in policy-making and governance are dictated by their unique ideology. However, the stated aim of all parties is to maximize the welfare of the nation and its people. Parties have different approaches to governance in achieving this aim.

The objective of this study is to measure the performance of the major political parties in India based on their delivery of governance at both the national and state level. The quality of governance can be measured using internationally accepted indicators such as corruption and rule of law and their consequent social and economic effects.

The data on governance, social and economic indicators were sourced from various international organizations, think tanks and government ministries and their departments. Data were collected for each state for the period from 1991-2013 and organized based on which party was in power during a given year. Averages were then calculated for each indicator on a party-wise basis (by aggregating the indicator data for all the times and places that each party was in rule). The relative performance of the parties is then ascertained by the comparison of these averages.

This report presents the definition of governance in the global and Indian contexts in section 1.1 and the distinction between governance and good governance in section 1.2. Section 2 discusses the typologies of governance and the models of governance of different political parties. The data, methodology and comparative statistics evaluating the performance of the various parties are presented in section 3. Section 4 concludes with a summary of the results of the governance comparisons and the way forward.

1.1 Defining Governance:

1.1.1 Global Definition of Governance:

The World Bank defines governance as “epitomized by predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law”.¹

The UNDP Strategy Note on Governance for Human Development defines governance as “a system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way society organizes itself to make and implement decisions - achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set the limits and provide incentives for individuals, organizations and firms”.²

Hence, governance, very simply put, is the process of decision-making and the implementation of the decisions thus made. There have been many academic definitions of the process of governance and its components. However, for the purpose of this report the above definitions provide a snapshot of the global standard by which governance in any country or region can be measured.

1.1.2 Definition of Governance in the Indian Context:

In the Indian context, “governance relates to the management of all such processes that, in any society, define the environment which permits and enables individuals to raise their capability levels, on one hand, and provide opportunities to realize their potential and enlarge the set of available choices, on the other”.³ The Eleventh Five Year Plan outlined six benchmarks of democratic governance:

- Free, fair and timely elections in all spheres of political authority

¹ *Governance: The World Bank's Experience*, 1994. Accessed on December 13, 2014, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/EXTMNAREGTOPGOVERNANCE/0,,contentMDK:20513159~pagePK:34004173~piPK:34003707~theSitePK:497024,00.html>

² *Governance Indicators: A User's Guide*, UNDP. Accessed on December 13, 2014, http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/oslo_governance_centre/governance_assessments/governance-indicators-2nd-edition.html

³ *Tenth Five Year Plan*, Planning Commission, 2008.

- transparency and accountability of all institutions of the state to its citizens
- efficient and effective delivery of socio-economic public services
- effective devolution of authority, resources and capabilities to PRIs and municipalities
- rule of law, where legal rights are clear and understood, and legal compliance and enforcements of those rights is time-bound and swift
- needs and interests of hitherto excluded sections of society are privileged and included, with dignity ⁴

1.2 From Governance to Good Governance:

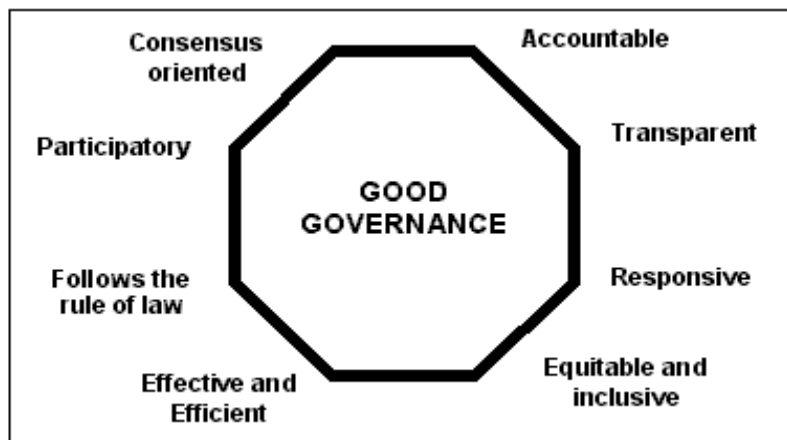


Figure 1 Characteristics of Good Governance; Source: UNESCAP

The concept of ‘good governance’ is one wherein the process and outcomes of governance meet the standards mentioned above to the satisfaction of the citizens being governed. The United Nations Economic & Social Commission for Asia and the Pacific (UNESCAP) outlines 8 major characteristics as indicators of good governance within a nation.⁵ These are:

- Participation
- Rule of Law
- Transparency
- Responsiveness

⁴ Planning Commission (Government of India) (2008). *Eleventh Five Year Plan 2007-2012, Vol. I Inclusive Growth*. New Delhi, Oxford University Press. pp. 223-224.

⁵ ‘What is Good Governance?’, UNESCAP. Accessed on 3rd December 2014, <http://www.unescap.org/resources/what-good-governance>

- Consensus Oriented
- Equity and inclusiveness
- Effectiveness and efficiency
- Accountability

Good governance is hardly abstract. The indicators of good governance listed above can be quantified and measured in the context of a state or country. The legitimacy of a government and its efficiency can be analyzed using these indicators. In this age of democratization, where governments are being held to high standards, the measurement of good governance is an important tool to verify if governments are indeed doing what they have promised their citizens. The success of any governance model depends on its ability to adhere to these standards but also on its ability to lead to beneficial societal outcomes, such as human development and the elimination of social ills like poverty. 2015 is the target year for the achievement of the United Nations' Millennium Development Goals which all member countries and international organizations committed to in the Millennium Summit held in 2000. The effective implementation of policy for achieving sustainable development and eradication of social inequality was a prerequisite for the achievement of such goals. Good governance, which can lead to these outcomes, is hence particularly relevant right now.

2. Models of Governance

2.1 Typologies of Governance:

In the public sector, governance is categorized as democratic, economic, authoritarian, autocratic or federal in terms of how a nation's government is run. In the private sector, it is categorized as collective, management, constitutional, representational, traditional or results-based. Governance is also often categorized by the actors within the process and their interactions. Franco Mantino states that governance is multi-dimensional, both at the level of the actors involved and in the levels of authority involved in the implementation of the process.⁶ In keeping with this multi-dimensional nature of governance, the different levels at which actors are involved and authority is exhibited are:

- **National level:** where the central government of a country is the principal actor.
- **Regional level:** wherein a region can be defined in various ways such as state, province or constituency.
- **Intermediate level:** which are useful in de-centralized systems of governance, this is a level between regional and local that would serve to link the two.
- **Local level:** where civil society, public and private operators are most active in the implementation of the governance process.

The above categorization of governance is one that will be useful for the analysis that this report seeks to conduct. In the Indian political context, it is germane to evaluate governance on two levels, the National and the Regional (represented here by the states) and the social and economic outcomes of this governance on the regional level, given the diverse socio-economic makeup of the various states. This report will hence follow this delineated structure.

2.2 Governance Models of BJP, Congress, Left Front and Regional Parties:

Government in India is democratic with a quasi-federal structure, dominated by a multi-party system. Bharatiya Janata Party (BJP), Congress,

⁶ Franco Mantino, 'Typologies of Governance Models', pg. 8.

Regional Parties (RP) (such as AIADMK, BJD, SP) and the Left Front Parties have different styles of governance that are illustrated by their respective rules in various states.

Congress' governance is characterized by socialism and populism, with an inconsistent economic policy. The BJP's governance shares certain Gandhian socialist values but applies and achieves them through more consistent and market-friendly economic policies. The Left Front (including the Communist Party of India – Marxist and other left parties) follows a stated Marxist ideology that places the state at the commanding heights of the economy⁷ and focuses on worker's rights and equality of outcomes for all. The Left Front's governance is observed in the states where it has held power, namely Kerala, West Bengal and Tripura. Regional parties in India, like the Janata Dal, Samajwadi Party and All India Anna Dravida Munnetra Kazhagam (AIADMK) have held sway in particular states like Bihar, Uttar Pradesh and Tamil Nadu. Regional parties like the Janata Dal and other off-shoots came up in the late 80s due to the call for anti-Congressism. Regional parties are more representative of the socio-economic make-up of and responsive to the particular needs of their states. They are hence more populist and less ideological in their approach. Some regional parties also came up as a result of regional movements such as Asom Gana Parishad and Shiromani Akali Dal.

On the national level, we have illustrations of the governance of BJP and Congress. The differences between these can be highlighted using some examples from the National Democratic Alliance (NDA) that ruled from 1998-2004 under A.B. Vajpayee, the United Progressive Alliance (UPA) that ruled from 2004-2013 under Manmohan Singh and the current Modi government.

Among the most fundamental differences in the Congress and BJP governance models is exemplified in the cabinet or council of ministers that assists the Prime Minister. During UPA II, the Cabinet was expansive with 78 ministers⁸ and only a haphazard “scatter of ministries” received support.⁹ This was also due to the Congress lacking numbers on the floor of the House. This is not the case with the BJP government, where the Cabinet is at a current strength of 66 (post the

⁷ 'Communism in India', *Arena* magazine. Accessed on 16th December 2014,

<http://arena.org.au/communism-in-india/>

⁸ <http://www.dnaindia.com/india/report-pm-narendra-modi-s-cabinet-expansion-20-new-ministers-likely-to-be-sworn-in-today-2033368>

⁹ 'UPA vs NDA: Fundamental differences in structure, strength and strategy between Congress-led govt and BJP-led one', *Economic Times*, 29th May 2014.

http://articles.economictimes.indiatimes.com/2014-05-29/news/50182303_1_narendra-modi-nda-governance

November 9th re-shuffle from 45 to 66) with 27 Cabinet ministers inclusive of the Prime Minister, 13 Ministers of State with Independent Charge and 26 Ministers of State.¹⁰ The BJP also enjoys an absolute majority on the floor of the Lok Sabha. This ensures a management and results-based model in implementation at the national level.

This difference in the Congress and BJP models is further illustrated by the fact that the UPA government (of which the Congress was a major part) “leaned on ministerial groups”, 24 Groups of Ministers (GoM) whose recommendations were not binding in resolving policy issues and 9 Empowered Group of Ministers (EGoM) whose recommendations were binding in the resolution of policy issues.¹¹ Reporting of Ministry affairs was at the prerogative of the Ministers¹², which meant that the PMO could not assert functional power in decision-making. This was a gross neglect of the individual and collective responsibility of ministers in important policy issues. The BJP government, on the other hand, in keeping with its agenda of ‘minimum government, maximum governance’ has ensured that the PMO is empowered to actively participate in decision-making and implementing decisions as the PM is in charge of “all important policy issues”.¹³ This model brings about a concentration of de-centralized power, while increasing accountability at all levels of administration.

Hence, as described above, the two major national parties (BJP and Congress) have different styles of governance at the centre. On the state-level, BJP, Congress, regional parties and the Left Front all have different principles upon which their governance styles are based. The next section of this report will analyze data that quantify the quality of governance and the social and economic outcomes thereof on both these levels in order to highlight the differences in governance between parties in India, as elaborated above.

¹⁰ ‘Even with 66 Ministers Narendra Modi government leaner than UPA and past NDA’, *DNA*, 9th November 2014. <http://www.dnaindia.com/india/report-pm-narendra-modi-s-cabinet-expansion-20-new-ministers-likely-to-be-sworn-in-today-2033368>

¹¹ Cabinet Secretariat www.cabsec.nic.in - List of Functional Groups of Ministers (GoMs) as on 20.12.2014, http://cabsec.nic.in/files/archive/listofgoms_20.02.2014.pdf; List of functional Empowered Groups of Ministers (EGoMs) as on 11.02.2013, http://www.cabsec.nic.in/files/archive/listofegoms_11.02.2013.pdf

¹² ‘UPA vs NDA: Fundamental differences in structure, strength and strategy between Congress-led govt and BJP-led one’, *Economic Times*, 29th May 2014. http://articles.economictimes.indiatimes.com/2014-05-29/news/50182303_1_narendra-modi-nda-governance

¹³ Shri Narendra Modi assumes office as 15th Prime Minister of India, <http://pib.nic.in/newsite/erelease.aspx?relid=105187>; ‘Unlike UPA government, PMO under Narendra Modi to call the shots on policy issues’ *Economic Times*, 28th May 2014, http://articles.economictimes.indiatimes.com/2014-05-28/news/50149350_1_policy-paralysis-pmo-cabinet-ministers

3. Evaluation of Governance: Comparative Statistics

In this section, we compare the quality of governance on the state and national level under the rule of different parties. First, we compare across indices of good governance (such as rule of law, ease of business, corruption etc as already outlined in Section 1) on the national and state-level. Then, we outline the social (such as maternal mortality rate and access to water supply) and economic outcomes (such as unemployment rates and % GSDP growth) of this governance on the state-level.

3.1 Data and Methodology

Data were collected from a variety of sources: the Census, Planning Commission Reports, International Indices (such as the World Bank's Worldwide Governance Indicators) and National Indices (such as CRISIL's Financial Inclusion Index). Data were collected for the years from 1991-2013, where available. Data were collected for all states and Delhi (or as available) and on the central level.

Data for each year were then analyzed against the party that was in power in the corresponding state and in the centre for that year. For instance, let us consider the state of Rajasthan. BJP ruled Rajasthan from 1993-1998 and 2003-2008, while Congress ruled it from 1998-2003 and 2008-2013. Hence, all variables and indicators for Rajasthan for the years '93-'98 and '03-'08 are taken to be the outcomes of BJP-rule and all variables and indicators for the years '98-'03 and '08-'13 are taken to be the outcomes of Congress-rule. Averages are then taken for each indicator for all the years that each party was in rule in all the states, and these averages are presented in graphs. Hence, with this methodology the difference in quality of governance between BJP-rule, Congress-rule, Regional Party Rule (RP) and Left Front-rule in the various states and the centre is analyzed.

We foresee three potential objections to this methodology and respond to them here:

1. *Some indicators might be the result of policies undertaken 2-3 years before. Hence, there might be a time lag between the party in power and its concomitant indicator.*

- a. To deal with this, we have largely picked indicators that respond quickly to policy and governance approaches of the respective governments, such as corruption levels and ease of business.
 - b. Even if some of these indicators still have a small time lag, this bias will equally affect all four types of parties, hence not affecting the overall comparison.
2. *Not all types of parties have ruled in all states and hence it might be unfair to some types of parties to compare across party-rule on the state-level as done here.*
- a. While all four types of parties have not ruled in all states, they have ruled in comparable types of states. To illustrate, in the year 2007, BJP ruled 6 states, Congress ruled 9 states, Regional Parties ruled 6 states and the Left Front ruled 2 states. In terms of large states, BJP has ruled Gujarat for a long time, Congress has ruled Maharashtra for a long time, Regional parties have ruled Uttar Pradesh and Andhra Pradesh for a long time and the Left Front has ruled West Bengal for a long time and the same goes with the smaller states. And many states such as Karnataka, Kerala, Himachal Pradesh etc have seen the rule of multiple types of parties.
 - b. Even if the premise of this objection was accepted, it should be seen that the aim of this report is to compare governance models across parties. Clearly BJP, which rules multiple states at any time has more responsibility than the Left Front, which rules 2-3 states at any time, and hence has the responsibility to deliver good governance more widely. So it is fair that averages of the indicators of the larger parties are constructed from more data points, since they have a larger responsibility.
3. *This classification of parties masks differences in governance. Regional parties in Uttar Pradesh and Tamil Nadu are different in their approach, and BJP in Gujarat is different from BJP in Karnataka.*
- a. BJP, Congress and Left Front are national parties with national committees and each represent ideologies articulated in their manifestos and party documents. Regional parties are decidedly more regional and more populist in that they represent the socio-economic makeups of their particular states and rarely an overarching ideology.
 - b. But even so, this is a fair objection and we accept that the classification given here is somewhat crude. The present classification was judged to be the best in that the differences between these four large groups of parties are significantly more

than the differences between the respective state-level parties within each group. For example, the differences in BJP and Left Front rule dwarf the differences between BJP rule in Gujarat and Karnataka.

As mentioned in the previous section, we measure governance on the national level, between the two parties that have held office, and on the state level, between the four types parties that have held office. This is to include and quantify the quality of governance on both levels of authority that affect the common citizen of this country as required by Mantino’s “Typologies of Governance”. We then measure the social and economic outcomes of this governance on the state level because, given the diverse socio-economic make-up of the various states, aggregate socio-economic outcomes for the entire country are not very informative. The specific indicators used are:

Governance Indicators	Social Indicators	Economic Indicators
<ul style="list-style-type: none"> - Rule of Law - Corruption - Quality of Regulations and Laws/Ease of Business - Infrastructure - E-Governance - Populism & Size of Government 	<ul style="list-style-type: none"> - Health: IMR, MMR - Basic Amenities: Access to safe drinking water - Education: Public expenditure levels 	<ul style="list-style-type: none"> - Growth: Sector-wise growth rate of GSDP - Inclusive growth: Unemployment Rate, Financial Inclusion

3.2 Governance Indicators

The indicators used under governance include:

- Rule of law, levels of corruption, quality of regulations/law and levels of populism, which measure “predictable, open and enlightened policy making”, a “bureaucracy imbued with a professional ethos”¹⁴ and “transparency and accountability”
- Infrastructure and e-governance, which lead to the “efficient and effective delivery of socio-economic public services”¹⁵

¹⁴<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/EXTMNAREGTOPGOVERNANCE/0,,contentMDK:20513159~pagePK:34004173~piPK:34003707~theSitePK:497024,00.html>

¹⁵Tenth Five Year Plan, Planning Commission, 2008.

3.2.1 Rule of Law

3.2.1.1 Centre:

As outlined in Section 1, Rule of Law is a crucial aspect of good governance. To measure this, we use the following sources:

- The Fraser Institute, which produces an Index of “Legal Structure and Security” across nations as part of the Economic Freedom of the World (EFW)¹⁶ Report, using such variables as “protection of property rights”, “integrity of the legal system”, “legal enforcement of contracts” and so on
- The World Economic Forum, whose Global Competitiveness Report (GCR) ranks countries according to the quality of their public institutions¹⁷¹⁸ using such variables as “public trust of politicians”, “transparency of government policymaking”, “judicial independence” etc

In both of these reports, India did better under NDA rule than under UPA rule, as seen below. India had a higher average score in “Legal Structure and Security” under NDA (6.25) than under UPA (5.45) according to the EFW report. India also had a higher ranking in quality of public institutions as measured by the World Economic Forum’s GCR in 2004 (53rd in the world) than in 2014 (70th).

NDA rule is hence found to be better than UPA rule on both counts.

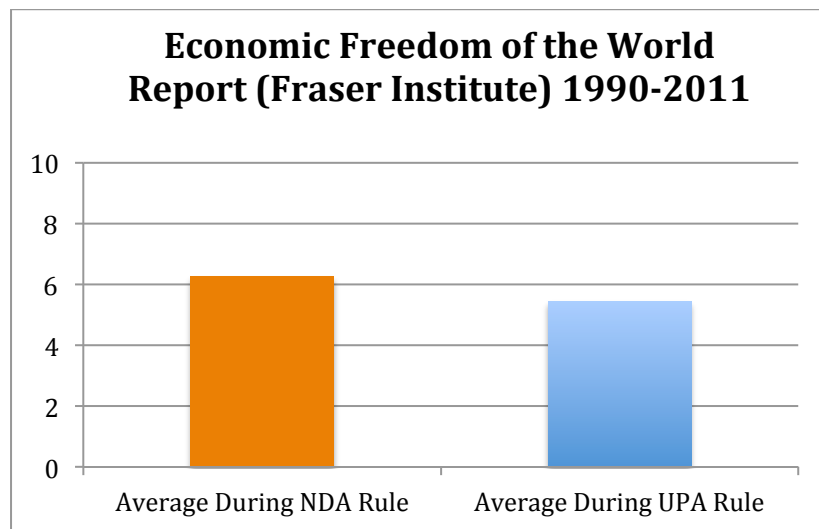


Figure 2 Economic Freedom of the World Report (Rule of Law Index)

¹⁶<http://www.freetheworld.com/reports.html>

¹⁷http://www.ieseinsight.com/casos/study_0035.pdf

¹⁸<http://www.weforum.org/reports/global-competitiveness-report-2014-2015>



Figure 3 Global Competitiveness Report (Quality of Public Institutions Ranking)

3.2.1.2 States:

On the state-level we can compare the rule of law in states ruled by BJP, Congress, RP and Left Front. To measure rule of law, the primary dataset used was the Economic Freedom of Indian States Report¹⁹, published by the Cato Institute, which measured “Legal Structure and Security” in 20 states of India from 2005-2013. It used such variables as “Ratio of Total Value of Property Recovered to Total Value of Property Stolen”, “Inverse of Violent Crimes as a Share of Total Crimes” among others and constructed an index score by combining all of them. Under BJP-rule, the average statewise score was 0.41, under RP-rule and Congress-rule, the average score was 0.37, under Left Front-rule, the average score was 0.2625. Madhya Pradesh, under BJP-rule, was the highest ranked state in this regard with a score of 0.62 and Tamil Nadu, under RP-rule, was the second highest ranked with a score of 0.55.

Hence BJP-ruled states can be judged to be ahead on this indicator.

¹⁹<http://www.cato.org/sites/cato.org/files/economic-freedom-india-2013/economic-freedom-states-of-india-2013.pdf>

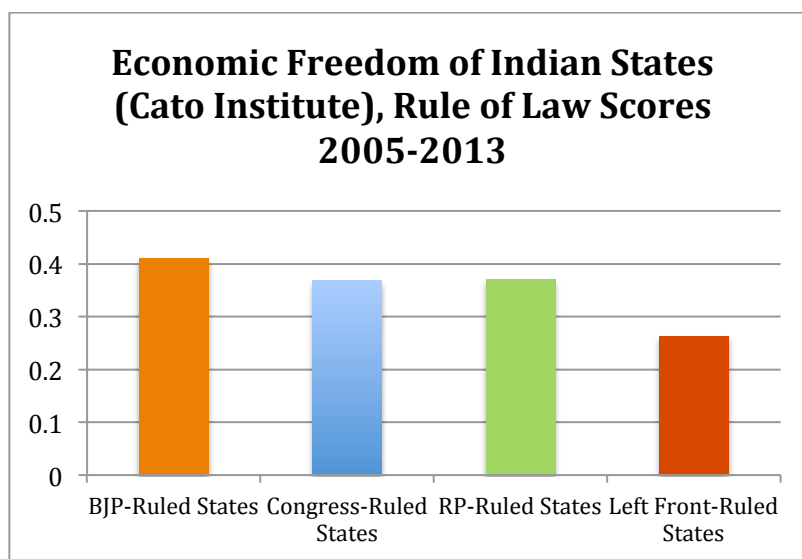


Figure 4 Economic Freedom of Indian States (Rule of Law Index)

3.2.2 Corruption

High levels of corruption eat away at the rule of law in any context. Corruption has had a particularly palpable effect on the Indian psyche as evidenced by the large-scale anti-corruption protests of 2011-12²⁰. Systemic corruption is a perversion of the rule of law that each citizen is aware of and affected by. Hence, it is analyzed separately here.

3.2.2.1 Centre

On the central level, the following two sources were used to measure corruption:

- The World Bank, which measures “control of corruption” in its Worldwide Governance Indicators (WGI)²¹
- Transparency International, which ranks countries according to their levels of public corruption in its Corruption Perceptions Index (CPI)²²

According to the World Bank’s WGI, India’s average percentile rank was higher in control of corruption under NDA (43) than it was under UPA (40). India’s median rank in the world according to Transparency International’s CPI

²⁰Goodwin, M. 2013. “Corruption and Human Rights in India. Comparative Perspectives on Transparency and Good Governance. *International Journal of Constitutional Law*. 11(1): 265-270

²¹<http://info.worldbank.org/governance/wgi/index.aspx#home>

²²<http://www.transparency.org/research/cpi/overview>

under NDA was 71st in the world and under UPA was 87th. Interestingly, the entry of the Modi Government in 2014 raised India's rank in the CPI by 10 places, ahead of China for the first time in 2 decades, perhaps a consequence of the SIT on black money and the mostly untainted nature of the current government.

NDA is hence ahead on both counts in this indicator.

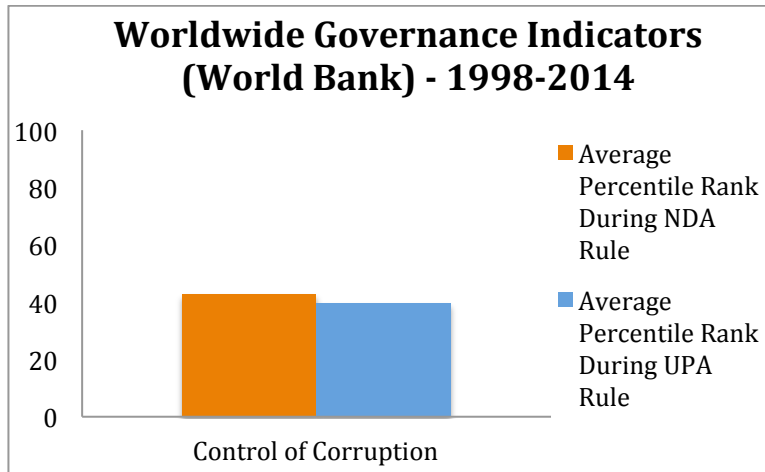


Figure 5 World Bank Worldwide Governance Indicators (Control of Corruption Percentile Rank)

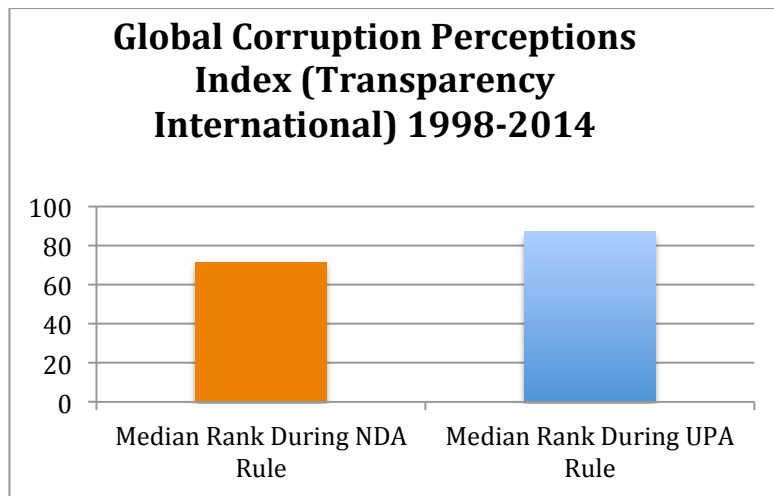


Figure 6 Transparency International's Corruption Perceptions Index (India's Median Rank Globally)

3.2.2.2 States

Transparency International’s “India Corruption Study” in 2008 was used to measure statewise corruption since it is one of the very few holistic studies in this regard. The study surveyed “22,728 randomly selected Below Poverty Line (BPL) respondents”²³ in all 28 states and Delhi. Based on the results, the study divided states into four groups with the following levels of corruption: “alarming”, “very high”, “high”, “moderate”²⁴. In the following analysis, states in the “alarming” group were given a score of 4, states in the “very high” group were given a score of 3, states in the “high” group were given a score of 2 and states in the “moderate” group were given a score of 1. The average score was then calculated for all the states under each party’s rule. RP-ruled states were found to be the most corrupt with an average score of 2.67 followed by Congress-ruled states with an average score of 2.4. BJP-ruled states had an average score of 2.28 and Left Front-ruled states were the least corrupt with a score of 1.33.

Hence Left-Front states lead on this indicator, ahead of BJP-ruled states.

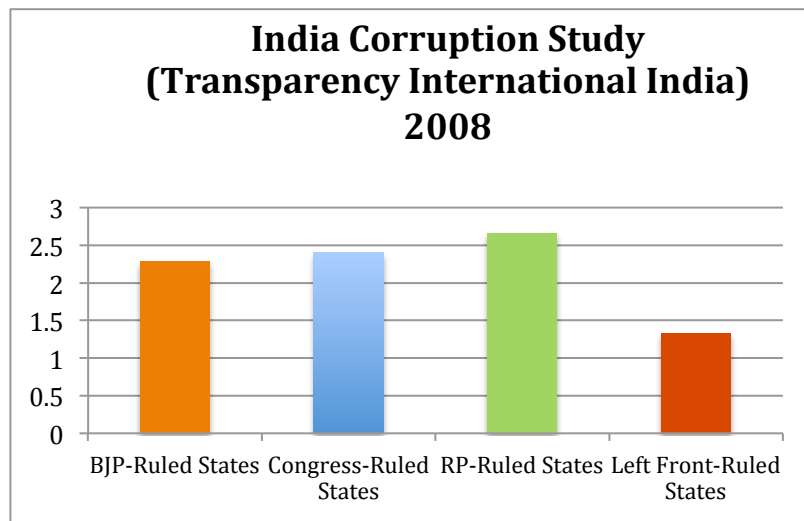


Figure 7 Transparency International India, India Corruption Study (Average Corruption Scores)

²³ Bhattacharyya, S. and Jha, R. 2013. “Economic Growth, Law, and Corruption: Evidence from India”. *Comparative Economic Studies*, 55(2): 287-313.

²⁴http://www.transparencyindia.org/resource/survey_study/India%20Corruptino%20Study%202008.pdf

3.2.3 Quality of Regulations and Laws/Ease of Business

Since we have seen that the stability of regimes and the enforcement of existing laws and regulation with low levels of corruption are best under BJP rule, we can now analyze the quality of those laws and regulations themselves. Given that SME's "employ close to 40% of India's workforce"²⁵, introduction and implementation of regulations that enable creation of jobs and encourage the setup and expansion of small and medium businesses are crucial to bringing people out of poverty and helping the country grow. There is a "market need" for better "regulation and controls" to enable this²⁶.

3.2.3.1 Centre:

The following figures show that India fared better in this regard under NDA-rule. The Fraser Institute's EFW report shows that India's average score for 'Regulation of Credit, Labour and Business' (which uses such variables as "hiring and firing regulations", "regulations for starting a business" and so on) under NDA (6.57) was higher than the average score under UPA (6.33). India also had a higher ranking in its global competitiveness (which uses variables such "time required to start a business", "extent and effect of taxation", "effectiveness of anti-monopoly policy" and so on) as measured by the World Economic Forum's GCR in 2004 (55th in the world) than in 2014 (71st). The GCR also quantifies the Macroeconomic Environment of the country as characterized by macroeconomic fundamentals of the country and the quality of laws regulating the economy. In 2004, India's rank in this respect was 52, but it had fallen to 101 by 2013. Also, according to the Confederation of Indian Industry, Business Confidence in India in Q3 2014²⁷ was 57.4 after the swearing-in of the Modi government, while the same figure a year earlier in Q3 2013 under UPA-2 was 45.7, a record low.

Hence, NDA is ahead on all five counts on the central level.

²⁵http://articles.economictimes.indiatimes.com/2013-06-09/news/39834857_1_smes-workforce-small-and-medium-enterprises

²⁶Gurtoo, A. 2009. "Policy support for informal sector entrepreneurship: micro-enterprises in India". *Journal of Developmental Entrepreneurship*.14, 2: 181-194

²⁷<http://www.cii.in/PressreleasesDetail.aspx?enc=/0vUqdlufYsBx5iKYaYC0zIt1qVaFD/mdlCvn4KcP2weRw5H3POQL5lkky7hAcrvjcQq+YmGZUYePx9kSrRiA==>

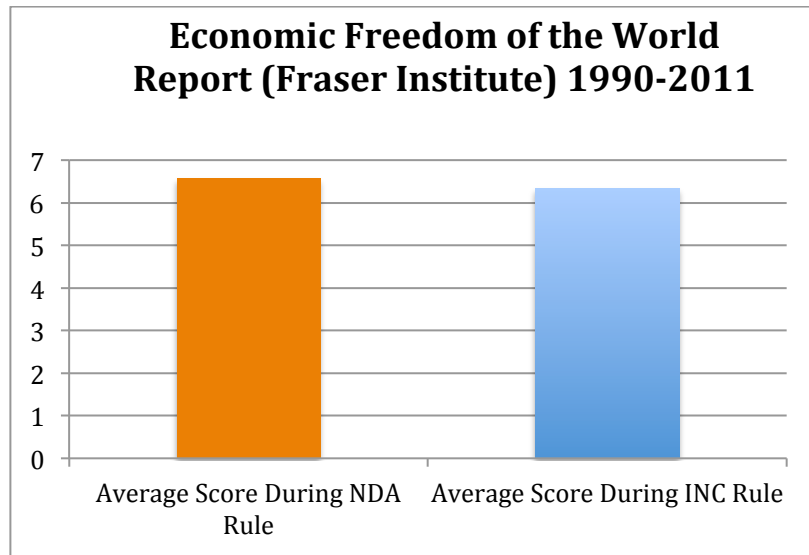


Figure 8 Economic Freedom of the World Report (Regulation of Credit, Labour, and Business)

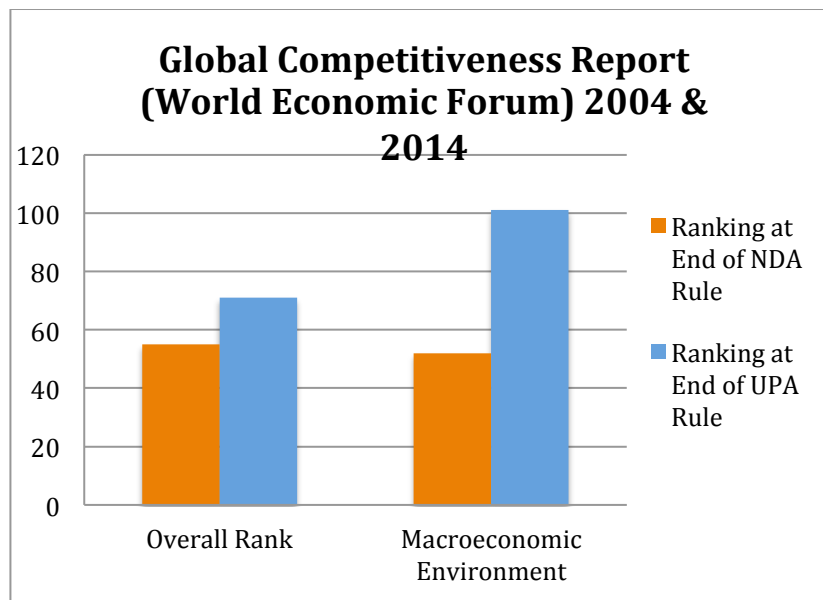


Figure 9 Global Competitiveness Report (World Economic Forum) 2004 & 2014

3.2.3.2 States:

On the state-level we can compare the quality of regulations and ease of business in states ruled by BJP, Congress, RP and Left Front. For this the primary dataset used was the Economic Freedom of Indian States Report, which measured

the “Regulation of Labour and Business” for 20 states of India from 2005-2013²⁸. Their “Regulation of Labour and Business” indicator was constructed from such variables as “implementation rate of industrial entrepreneurs memorandum”, “ratio of average wage of unskilled workers to minimum wages”, “inverse of minimum license fee for traders” and so on. Under BJP-rule, the average statewise score in this regard was 0.39, it was 0.34 under Congress-rule, it was 0.32 under RP-rule and 0.275 under Left Front-rule. Gujarat was the leading state in this regard, with a score of 0.87, followed by Tamil Nadu in distant second, with a score of 0.51. Hence BJP-ruled states are ahead in this indicator.

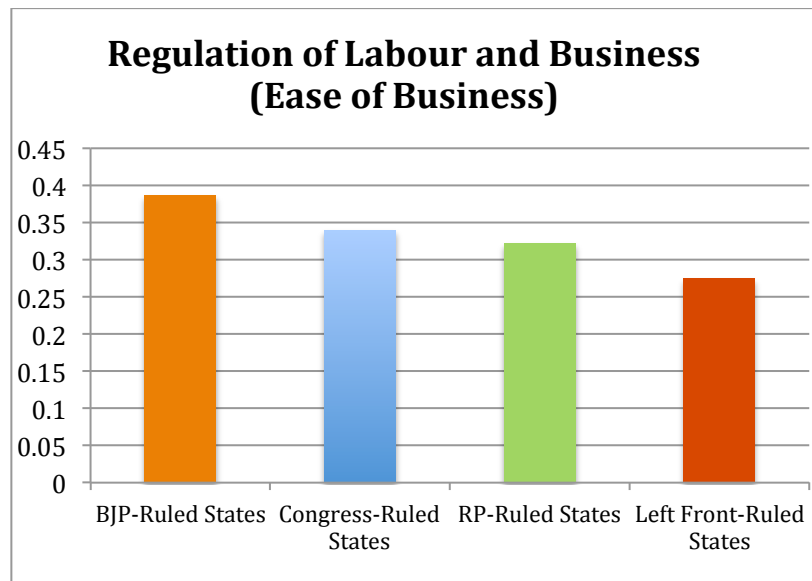


Figure 10 Regulation of Labour and Business (Ease of Business)

3.2.4 Infrastructure

A crucial part of any government’s governance report is its record on infrastructure. Just as important as the network of laws covering human interaction, is an enabling physical network of infrastructure in this regard. As a proxy for quality of measure infrastructure, the access to and supply of electricity is used, as is the network of national highways (on the central level) and state highways (on the state level). Electricity is the biggest area of infrastructure investment in India & South Asia²⁹ and there is copious research that has used

²⁸<http://www.cato.org/sites/cato.org/files/economic-freedom-india-2013/economic-freedom-states-of-india-2013.pdf>

²⁹Briceño-Garmendia C, Estache A. 2004. “Infrastructure Services in Developing Countries: Access, Quality, Costs & Policy Reform. *World Bank Publications*.

highways and electricity as direct proxies of Indian infrastructure, for instance, see Hulten (2006)³⁰. This indicator can also act as a proxy for the efficiency & effectiveness of the state governments, a crucial aspect of governance.

3.2.4.1 Centre:

Responsibility for electricity generation in India is split between the states, centre and the private sector. The state sector provides 37% of total installed capacity, the central sector provides 27% of total installed capacity and the private sector provides 36%³¹. The below graph, which shows sector-wise growth of energy generation in India from 2000-01 to 2010-11 shows that UPA grew the installed electrical capacity in the central sector faster than NDA did. NDA increased the capacity in the central sector from around 28000 MW in 2001 to 33000 MW in 2004, or 1667 MW/per year, while UPA increased it from 33000 MW in 2004 to 66000 MW in 2013, or 3334 MW/per year³². In terms of national highways though, NDA added around 12 km per day when in office, while UPA added about 4 km per day between 2004-2012³³.

Hence, both NDA and UPA are ahead on one count each for this indicator.

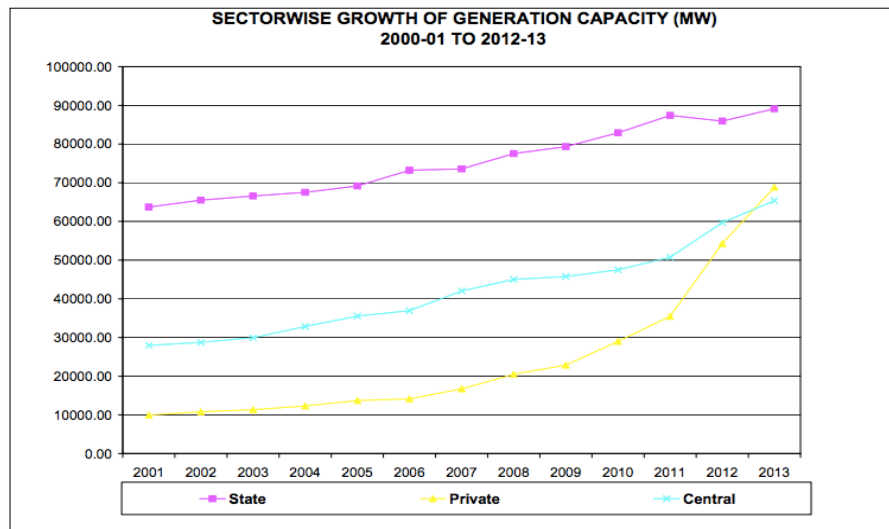


Figure 11 Sectorwise Growth in Installed Electrical Capacity (Central Electricity Authority, Ministry of Power)³⁴

³⁰Hulten, C. R. et al. 2006. "Infrastructure, externalities, and economic development: a study of the Indian manufacturing industry". *World Bank Economic Review*.20(2): 291-308.

³¹http://powermin.nic.in/indian_electricity_scenario/introduction.htm

³²<http://www.cea.nic.in/reports/planning/dmlf/growth.pdf>

³³<http://morth.nic.in/showfile.asp?lid=1163>

³⁴<http://www.cea.nic.in/reports/planning/dmlf/growth.pdf>

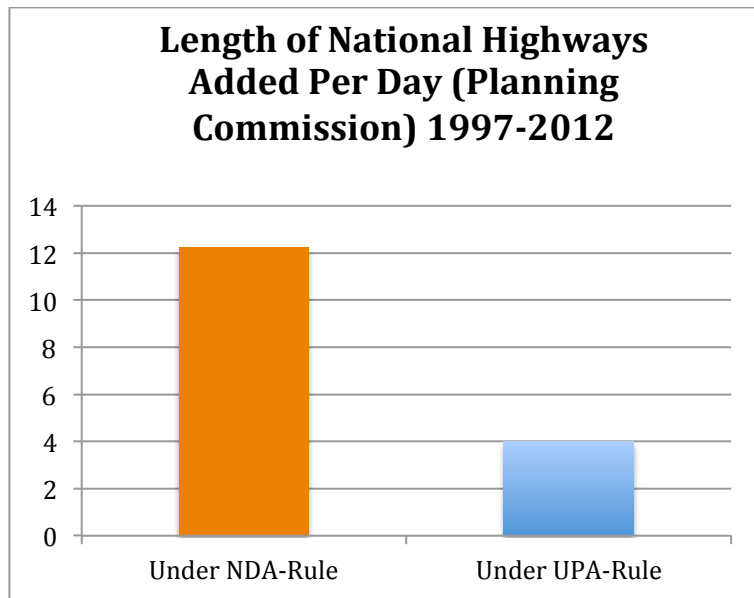


Figure 12 Length of National Highways Added Per Day (Planning Commission) 1997-2012

3.2.4.2 States:

On the state-level, the two data points used to measure performance in the electricity sector are the % of households using electricity as primary source of lighting from the Census 2001 and 2011³⁵³⁶ and increase in total installed electrical capacity in the state sector between 2008 & 2011 as measured by the World Bank³⁷. Data on construction of state highways are collected from the Ministry of Road Transport & Highways (MORTH).

Combining the Census 2001 & 2011 (the only years for which the question was asked), the percentage of households using electricity as the primary source of lighting was 72% in states that were under BJP-rule, 69% in states under Congress-rule, 67% in states under RP-rule and 61% in states under Left Front-rule. From World Bank data, the % increase in total installed electrical capacity in the state sector from 2008 to 2011 was calculated and it was found that BJP-ruled states showed the largest increase with an average increase of 60%, Congress-ruled states showed an increase of 37%, RP-ruled states showed an increase of 22% and Left Front-ruled states showed an increase of 12%. The largest increases

³⁵http://www.censusindia.gov.in/2011census/hlo/HLO_Tables.html

³⁶<http://www.censusindia.gov.in/2011-common/censusdataonline.html>

³⁷<http://data.worldbank.org/data-catalog/india-cps>

occurred in Himachal Pradesh (an increase of 169%) and Gujarat (an increase of 105%), both states under BJP-rule.

Data were collected from MORTH on the total length of state highways in each state every year between 2004-12³⁸. States under BJP-rule added an average of 208 km of state highways per year, followed by states under Congress-rule, which added an average of 187 km per year. RP-ruled states added an average of 167 km per year, while Left Front-ruled states added 113 km per year.

Hence, BJP-ruled states are ahead on both counts mentioned here.

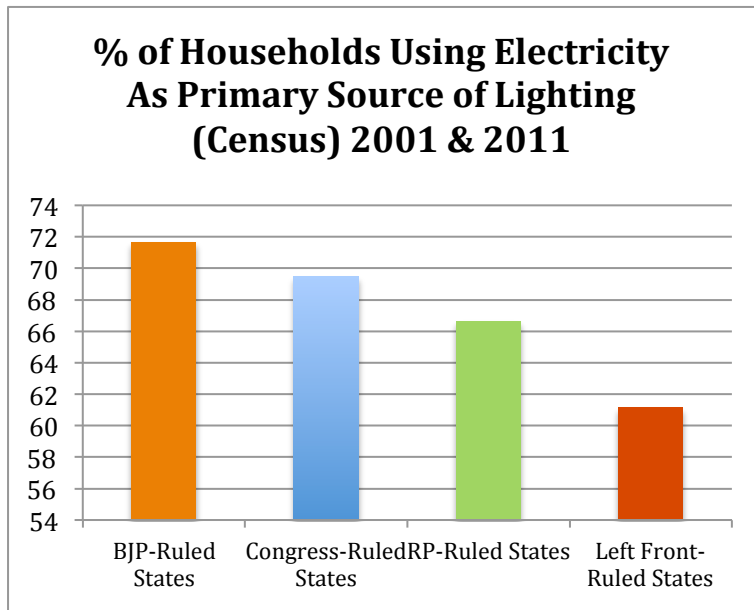


Figure 13 % of Households Using Electricity as Primary Source of Lighting (Census) 2001 & 2011

³⁸<http://morth.nic.in/index2.asp?slid=314&sublinkid=142&lang=1>

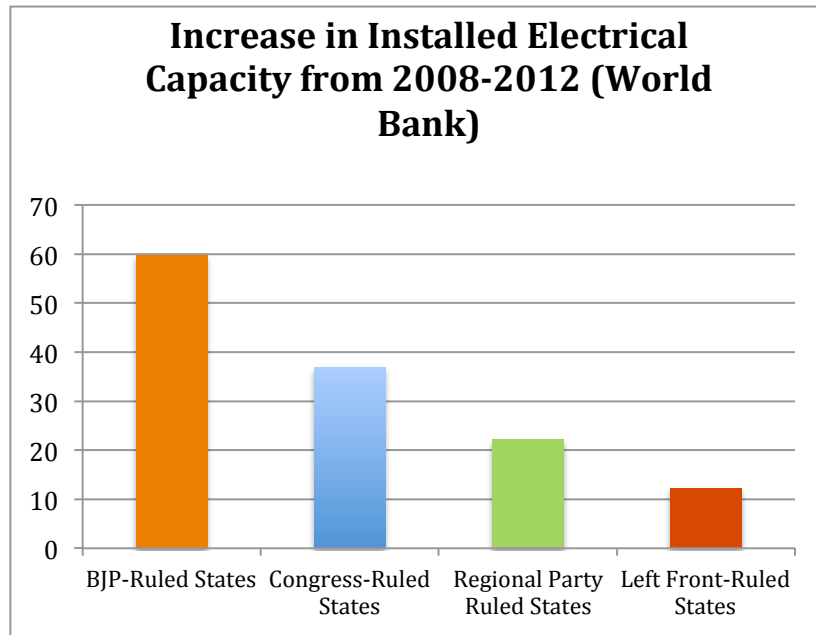


Figure 14 Increase in Installed Electrical Capacity from 2008-2012 (World Bank)

BOX 1 - Gujarat Energy Revolution

Gujarat's power sector was in shambles in 2001. But a decade later it is at the forefront of states that have carried out sweeping power reforms, as a result of which it now has surplus power. The state started the reform process with bolstering the power utility's finance through debt restricting and renegotiating PPAs; building employee confidence by involving them in 'reforms progress management group'. This followed by restructuring utilities, launch of Jyotigram –to provide round-the clock power to villages, Smart Metering Governance, modernisation of the system, special legal mechanism to curb theft. Apart from this, big reforms are undertaken in Generation sector including tapping Solar and Wind energy.

These reforms ensured 24x7, 3 phase power supply to the entire State. Gujarat has now achieved power-surplus and reduced losses from 35% to 20%. The Electricity Board has registered a profit of \$150 million in 2011 from a loss of \$450 million in 2001. Gujarat is now leading in Solar Power generation, amounting to around 2/3rd of national generation.

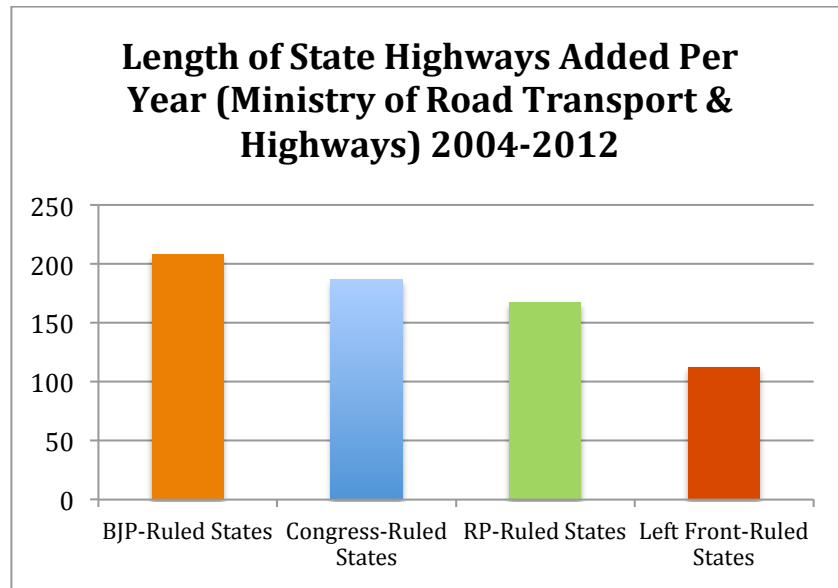


Figure 15 Length of State Highways Added Per Year (Ministry of Road Transport & Highways) 2009-2011

3.2.5 E-Governance

The best way to ensure all the above-mentioned indicators of governance are effective, efficient and corruption-free is to adopt e-governance widely for government transactions, procurement and public service delivery. The data for the number of e-governance transactions are primarily sourced from eTaal (Department of Electronics & Information Technology)³⁹. Data are only available for the years of 2013-14 in this regard.

3.2.5.1 Centre:

On the national level, we can compare the performance of the UPA-2 and the Modi Government. Given that UPA-2 was in power Jan 2013 to May 2014 and the Modi Government was in power from June 2014 to Dec 2014, the number of transactions per day for central government projects was calculated under each regime. The Modi Government has had around 50 lakh e-governance transactions per day while UPA-2 had around 22 lakh transactions per day. To focus on the reach of e-governance to the common man, transactions per-day were analyzed for the agricultural sector, given that the agricultural sector still employs around 50%

³⁹<http://etaal.gov.in/etaal/auth/login.aspx>

of India's population and is the primary source of rural employment⁴⁰. The Modi Government has had around 33 lakh e-governance transactions per day for agriculture while UPA-2 had around 8 lakh transactions per day. Also in this regard, the Technological Readiness of a country is measured and ranked under the World Economic Forum's GCR. India's rank in the world in this regard was 63 in 2004 at the end of the NDA government, but had fallen to 121 by 2014.

Once again, BJP is ahead on all counts in this indicator at the centre.

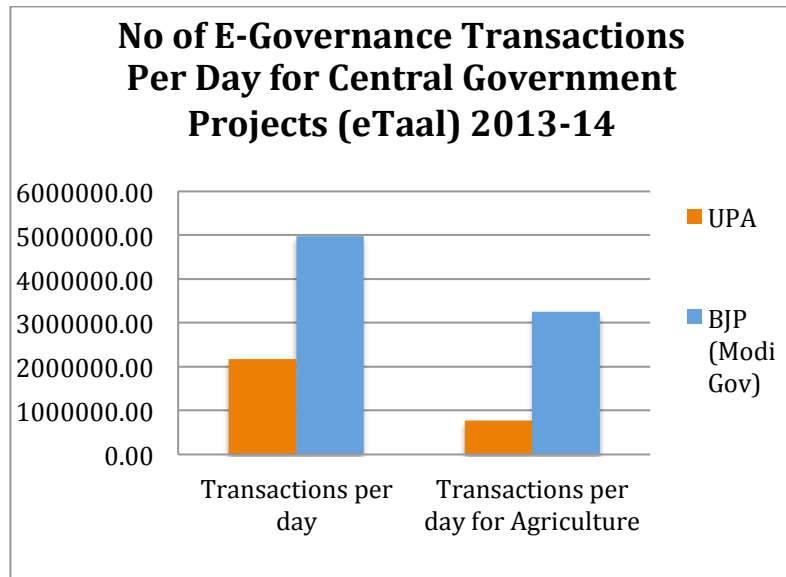


Figure 16 No of E-Governance Transactions Per Day for Central Government Projects (eTaal) 2013-14

3.2.5.2 States:

eTaal also collects data on the number of e-governance transactions and services available for e-transactions on the state-level. Data are available from Jan 2013 to Dec 2014. The average per-capita number of e-transactions in BJP-Ruled states (calculated by dividing by total population of states) was 5.4, it was 2.4 in Congress-Ruled states, 1.8 in RP-ruled states, and 1.3 in Left Front-ruled states. Gujarat, a BJP-ruled state, had the highest per-capita number of transactions at 17 followed by Andhra Pradesh, an RP-ruled state, at 11.

The average number of services available for e-transactions was highest in states ruled by Regional parties at 150, followed by BJP-ruled states where the

⁴⁰Lanjouw, P & Murgai R. 2009. "Poverty decline, agricultural wages, and nonfarm employment in rural India: 1983-2004". *Agricultural Economics*. 40(2): 243-263.

figure was 142, and Left Front-ruled states where it was 135, and finally Congress-ruled states where it was 101. Andhra Pradesh, an RP-ruled state, provides the highest number of services for e-transaction at 593, while Gujarat, a BJP-ruled state, is a distant second at 257. In this regard, the average for RP-ruled states is skewed by Andhra Pradesh, which offers almost four times the number of services offered by the second-ranked RP-ruled state, Uttar Pradesh.

The average number of e-transactions per service was highest in BJP-ruled states at 14 lakh, followed by Congress-ruled states at 5 lakh, RP-ruled states at 4.7 lakh and Left Front-ruled states at 2 lakh.

Hence, BJP-ruled states are ahead on 2 counts and RP-ruled states are ahead in 1 in this indicator.

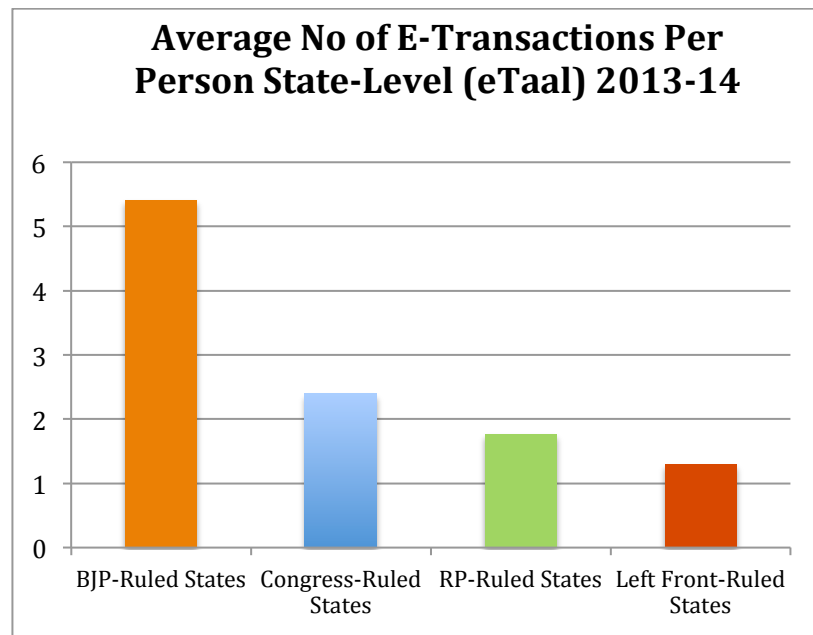


Figure 17 Average No of E-Transactions Per Person State-Level (eTaal) 2013-14

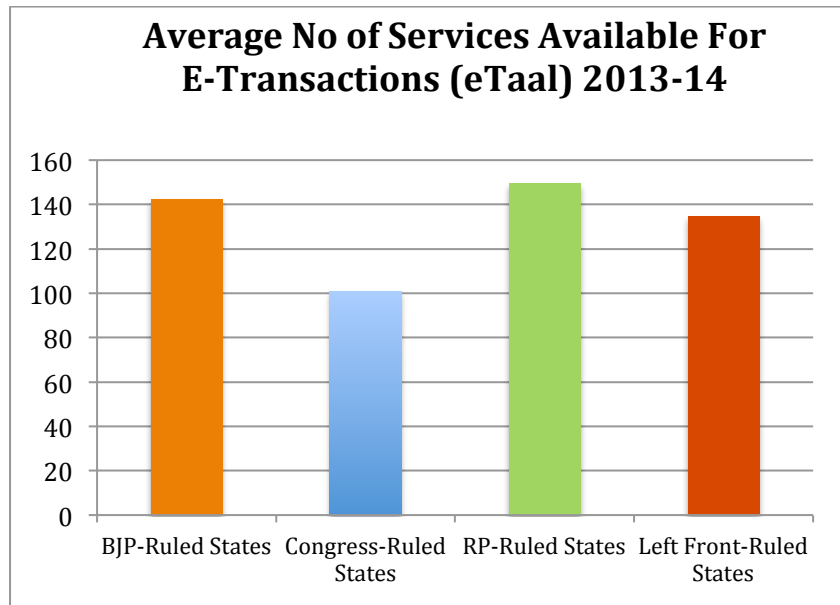


Figure 18 Average No of Services Available For E-Transactions (eTaal) 2013-14

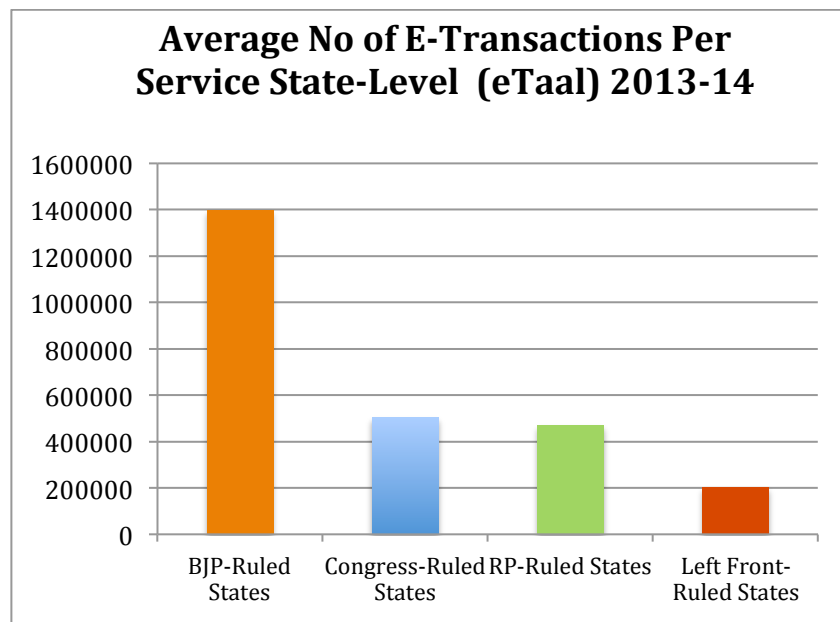


Figure 19 Average No of E-Transactions Per Service State-Level (eTaal) 2013-14

3.2.6 Populism & Size of Government

There is a trend of “populist policies rather than sustainable improvements in structural conditions” by Indian governments, which has both hampered the effectiveness and inclusiveness of growth in India. This point is further expounded by Sahasrabudde (2013)⁴¹, who describes how political parties practice populism “as a shortcut to short-lived electoral success” at the cost of the development of the nation. Good governance, especially in the Indian context, is the kind that promotes sustainable and equitable growth as opposed to “quick-fix populism”⁴². In this analysis, populism was proxied with subsidies doled out by the government and by the size of government. A larger size of government reflects greater populism⁴³.

3.2.6.1 Centre:

On the central level, data are collected from the Planning Commission. The specific proxy for populism used is the average annual subsidy expenditure as a % of GDP under the NDA and UPA governments respectively (1998-2013). This connection of subsidies to populism has been made, among others, by Weiner (1998)⁴⁴ and Sunderasan (2013)⁴⁵ and the harmful effects of these subsidies have been pointed out by, among others, former RBI governor D. Subbarao⁴⁶. The NDA spent an average of 1.5% of GDP on subsidies while UPA spent an average of 1.9% of GDP on the same. So it can be claimed that the UPA was more populist than the NDA on the central level.

Also, as a marker of PM Modi’s maxim of Minimum Government, Maximum Governance, the Economic Freedom of the World report also gives a higher score to India on appropriate size of government under NDA rule (6.52) than under UPA rule (5.98). As defined by the Fraser Institute, lower government

⁴¹ Sahasrabudde, V. 2013. “Beyond a Billion Ballots: Democratic Reforms for a Resurgent India”. *Wisdom Tree Books*.

⁴² Bardhan, P. 2009. “India and China: Governance Issues and Development”. *Journal of Asian Studies*. 68: 347-357

⁴³ cato.org/sites/cato.org/files/economic-freedom-india-2013/economic-freedom-states-of-india-2013.pdf

⁴⁴ Weiner M. 1998. “The regionalization of Indian politics and its implications for economic reform”. *Journal of Policy Reform*. 2(4): 337-367

⁴⁵ Sunderasan, S. 2013. “The Irrelevance of Political Populism,” In *Enabling Environment*, 11-27, Springer India

⁴⁶ <http://archive.indianexpress.com/news/subsidies-are-bad-d-subbarao/880519/>

spending, lower subsidies, greater divestment and so on leads to a better score on this index⁴⁷.

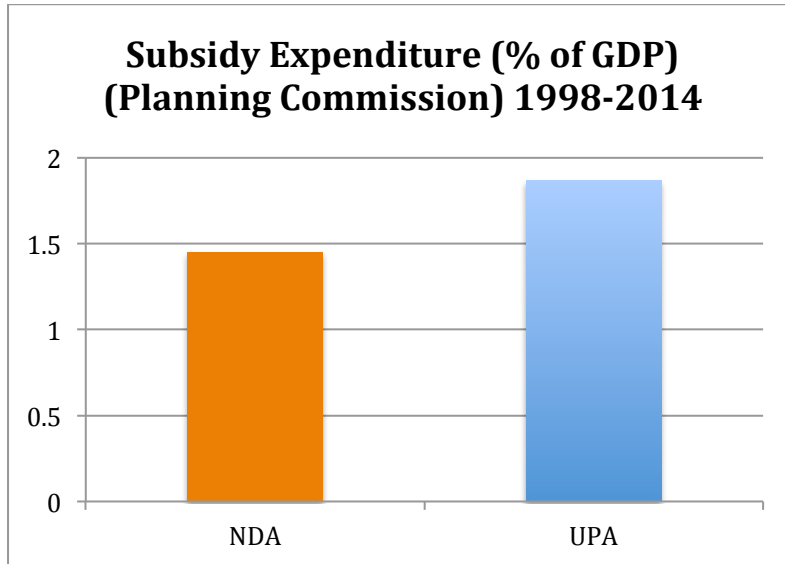


Figure 20 Subsidy Expenditure (% of GDP) (Planning Commission) 1998-2014

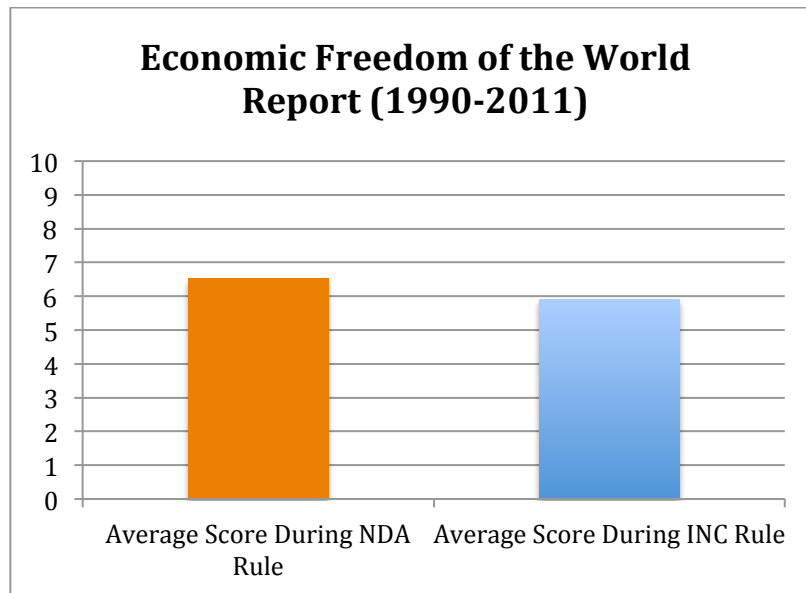


Figure 21 Economic Freedom of the World Report (1990-2011) (Size of Government)

⁴⁷<http://www.freetheworld.com/2014/EFW2014-POST.pdf>

3.2.6.2 States:

To measure populism on the state-level, the proxy used was the power/electricity subsidy given to domestic consumers from 2007-08 to 2012-13, from Indiatat⁴⁸. Power subsidies distort the market and lead to unreliable power distribution with electricity theft and power-cuts⁴⁹. As can be seen below, states under BJP-rule gave the smallest per-capita subsidies, hence leading to less electricity theft and fewer power-cuts for their citizens, while RP-ruled states doled out the highest per-capita subsidies hence leading to unreliable power distribution in their states.

To measure the size of government on the state-level, the Economic Freedom of Indian States Report⁵⁰ was used. Their size of government index from 2005-2013 is constructed from such variables as “inverse of government revenue expenditure as a share of gross state domestic product”, “inverse of share of the government in organized employment”, “inverse of stamp duty rate” and so on. Congress-ruled states have the highest score in this regard. Haryana, under Congress-rule, was the highest ranked state, with a score of 0.74, followed by Gujarat, under BJP-rule, with a score of 0.69. Hence BJP-ruled states were ahead on one count and Congress-ruled states were ahead on the other in this indicator.

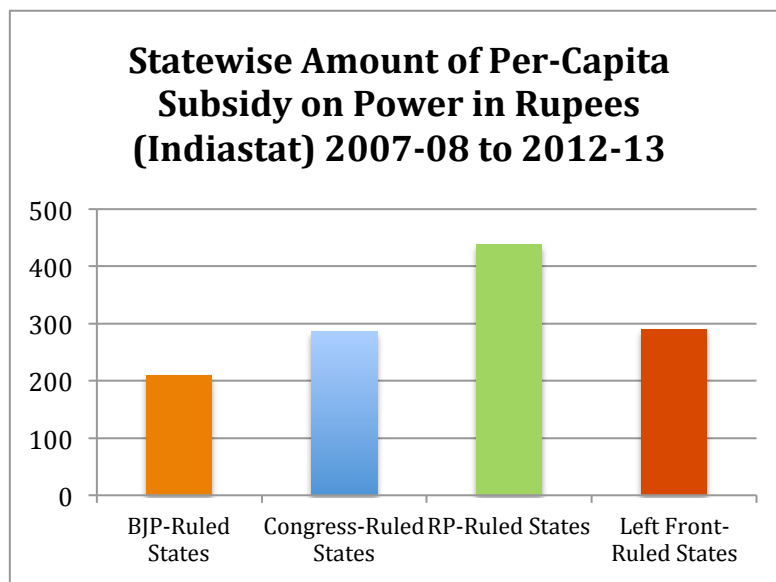


Figure 22 Statewise Amount of Per-Capita Subsidy on Power in Rupees (Indiatat) 2007-08 to 2012-13

⁴⁸<http://www.indiastat.com>

⁴⁹Shahi, R.V. 2006. “Indian Power Sector: Challenge and Response: Compilation of Papers Presented During 1991-2001”. *Excel Books India*.

⁵⁰ <http://www.cato.org/sites/cato.org/files/economic-freedom-india-2013/economic-freedom-states-of-india-2013.pdf>

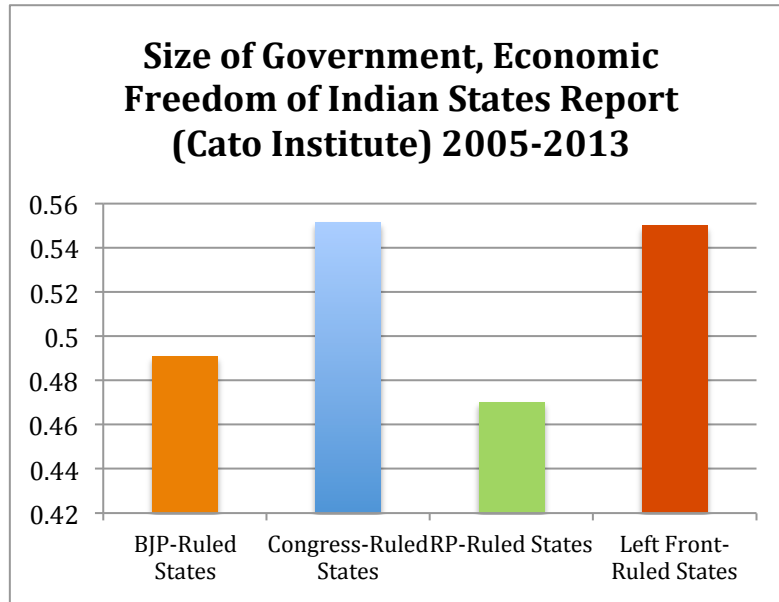


Figure 23 Size of Government, Economic Freedom of Indian States Report (Cato Institute) 2005-2013

3.2.7 Governance Summary

3.2.7.1 Centre:

Under NDA rule, India had better rule of law, lower corruption, better quality of regulations and laws, significantly more e-governance, lower populism and a smaller size of government. In infrastructure, UPA rule was better in terms of the installed electrical capacity in the central sector while NDA rule was better in terms of highways built.

3.2.7.2 States:

When under BJP-rule, states had better rule of law, better quality of regulations and laws, better infrastructure, significantly more e-governance and lower populism. Left Front-ruled states had the lowest corruption followed by BJP-ruled states. Congress-ruled states had a smaller size of government.

Hence it can be concluded that overall, BJP has exemplified the concept of good governance in a more holistic and effective way than the other parties at both the central and state level.

3.3 Social Indicators:

Governance when carried out in an ordered and accountable manner helps create a favorable social and economic environment. Measuring the improvement of social conditions is usually done with indicators such as health, education and access to basic amenities. For this report, social indicators were divided into three metrics:

- **Health:** Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR).
- **Basic Amenities:** Access to Safe Drinking Water
- **Education:** Public Expenditure on Education (as % of total expenditure)

3.3.1 Health:

3.3.1.1 Maternal Mortality Rate:

The data for MMR across states obtained from SRS and CBHI is represented in the graph below in party-wise format for the time period from 1999-2013:

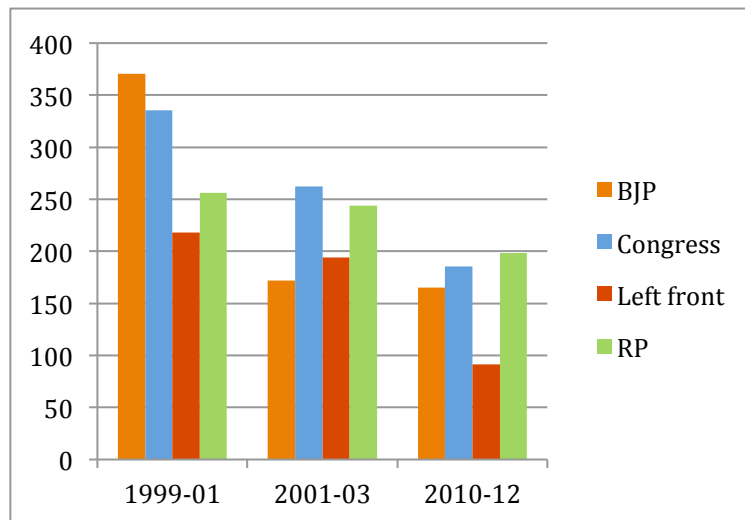


Figure 24 Party-Wise differences in MMR (1999-2013), SRS and CBHI

The graph shows that all parties have managed to bring down the MMR over time. The figures are average MMR, where the average has been calculated based on which party was in power in each state during a given time period. The Congress and Regional Parties (RP) have reduced MMR from an average MMR of 335.75 in 1999-01 to 185.2 in 2010-12 and 256.33 in 1999-01 to 198.2 in 2010-12, respectively. The Left Front has reduced average MMR from 218 in 1999-01 to 91.5 in 2010-12, this steep reduction is owing to the Left Front being in power in

Kerala in 2010-12 and not in their usual other states, which skews the average in their favor. The BJP however has brought average MMR down from 370.5 in 1999-01 to 165.33 in 2010-12. This is an impressive improvement in the party's social governance performance in the states it has governed. This is better exhibited in the graph below.

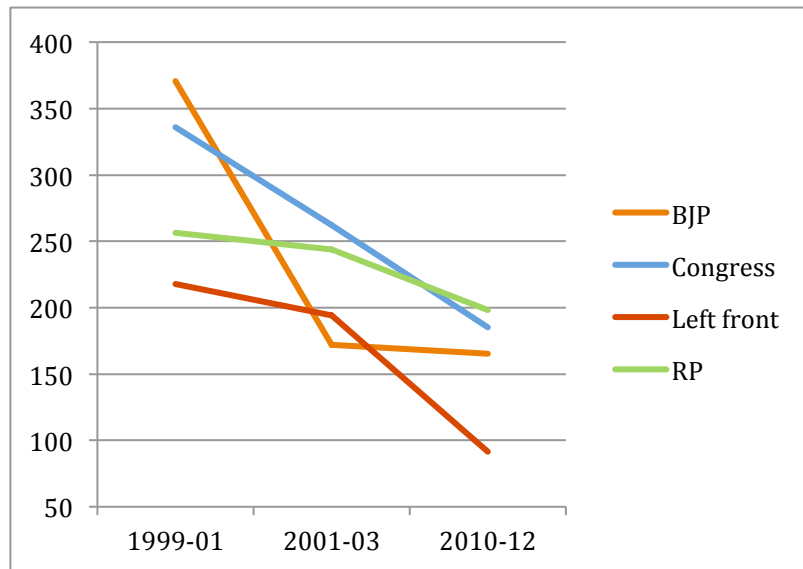


Figure 25 Party-Wise Trend in MMR (1999-2012), SRS and CBHI

The BJP's performance in states like Karnataka (MMR brought down from 266 in 1999-01 to 144 in 2010-12) and Gujarat (MMR brought down from 202 in 1999-01 to 122 in 2010-12) exemplifies its consistent good performance in governance in social issues like maternal health. It would be worth noting that in Madhya Pradesh, even though the MMR under BJP in 2010-12 was 230, it was reduced to almost half the MMR of 407 in 1999-01. That is a tremendous improvement in Maternal Mortality Rate. The successful lowering of MMR in Karnataka and Gujarat was owing to some of the social programs introduced in state government under BJP rule. The Chiranjeevi Yojana was launched in December 2005 in Gujarat in 5 backward districts, and has been a successful program.⁵¹ Programs like these are indicative of the good governance initiatives taken by the BJP in the states it rules.

⁵¹ Women and Child Development Projects and Initiatives. Accessed on 16th December 2014, <http://www.gujaratindia.com/initiatives/initiatives.htm?enc=TEnmka18rLd9cWRBUEx85lswwfZZ+o8b+w+YfQPy7dU93tk/rntr0H+OnwOK0bubK2dqUjlsldClTFijZdUcWn/5YFP5V6WVmXePkMLjY894AEfjwh2EljdTaOZ3lIUvH4W9EGD3L1txLeXBWaeYyQ==>

3.3.1.2 Infant Mortality Rate:

The data for IMR obtained from Planning Commission Databook 2014 across states is represented in the graph below in party-wise format for the time period from 2005-2012.

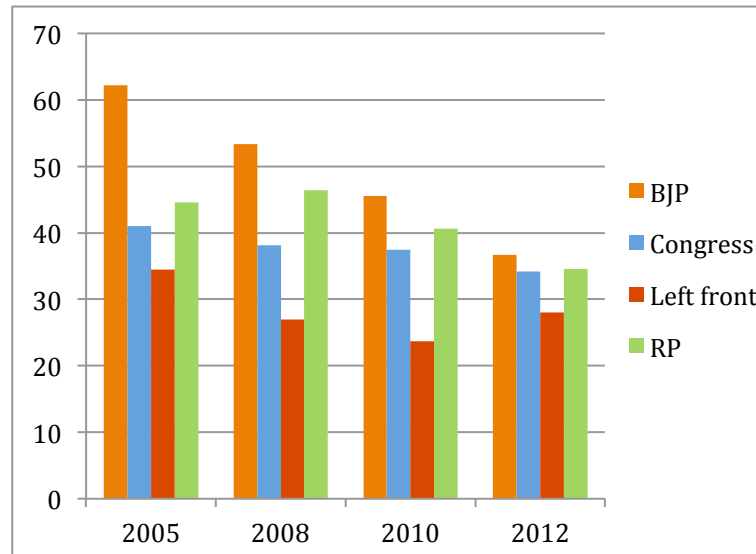


Figure 26 Party-Wise differences in IMR (2005-2012), Planning Commission Databook 2014

The graph shows that all parties managed to bring down the IMR over time. The figures are average IMR, where the average has been calculated based on which party was in power in each state during a given time period. The Congress and the Left Front have reduced IMR from a lower average IMR of 41 in 2005 to 34.17 in 2012 and 34.5 in 2005 to 28 in 2012, respectively. The Regional Parties have been inconsistent in controlling the IMR over years. The average IMR in regional parties' ruled states went from 44.56 in 2005 to 46.4 in 2008 and finally 34.56 in 2012. The BJP ruled states, however, have brought the figures tremendously down from a higher average IMR of 62.2 in 2005 to 36.71 in 2012. This is better exhibited in the graph below:

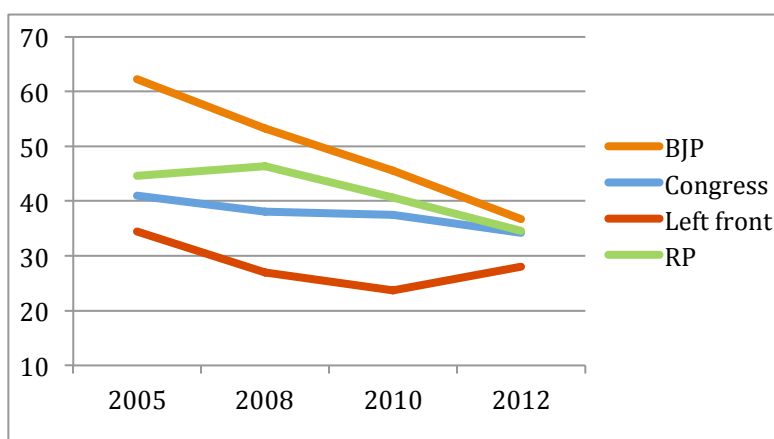


Figure 27 Party-Wise Trend in IMR (2005-2012), Planning Commission Databook 2014

The above line graph represents the trends in IMR party-wise. BJP ruled states can be seen to bring down the IMR more rigorously than the other parties. Chhattisgarh and Madhya Pradesh have shown serious commitment towards improving the IMR from 63 in 2005 to 47 in 2012 and 76 in 2005 to 56 in 2012, respectively.

BOX 2: Food Security in Chhattisgarh

Chhattisgarh Model for ensuring Food and Nutritional Security is considered as 'revolutionary'. Starting from 2004, Chhattisgarh de-privatised Fair Price Shops (FPSs) and instituted a number of transparency/auditing mechanisms for foodgrain distribution. It shifted the management of public distribution system outlets from private licensees to community-based organizations such as gram panchayats, female self-help groups and co-operative societies. The public distribution system was computerized in 2007. In 2012, the State enacted the Chhattisgarh Food and Nutrition Security Act 2012.

By such interventions and initiatives, almost 90% population of the state has benefited from cheap food grains under this program which includes over 55% of households of landless labourers, small marginal farmers with less than two hectares of land, construction workers and those in the urban informal sector. In the state, Maternal Mortality Rate (MMR) is reduced from 379 to 269 and Infant Mortality Rate (IMR) is reduced from 79 in 2004 to 47 in 2012. There are no deaths reported due to hunger or farmer suicides.

3.3.2 Basic Amenities:

3.3.2.1 Access to Safe Drinking Water:

Access to basic amenities is an important indicator of the attention a government pays to the social welfare of its people. The data on access to safe drinking water obtained from Economic Survey of India and Census is represented in party-wise format in the following graph.

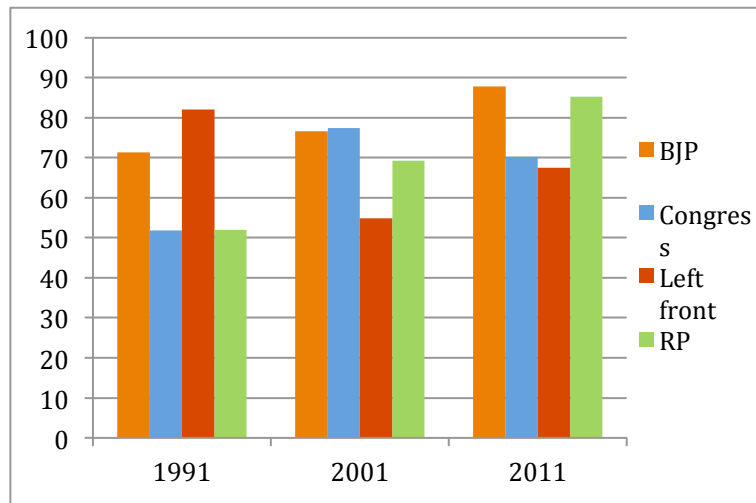


Figure 28 Party-Wise differences in Access to Safe Drinking Water, Economic Survey & Census

The figures are average percentage of households with access to safe drinking water, where the average has been calculated based on which party was in power in each state during a given time period. The Left Front had the best figure for access in 1991 with an average 82% of households having access to safe drinking water however this has not been sustained till 2011 where the figure stands at an average of 67.5%. Regional parties have shown consistent growth in the provision of safe drinking water with the figure rising from 51.96% in 1991 to 85.31% in 2011.

The Congress has an inconsistent record with an average 51.74% households having safe drinking water in 1991, which rose to an average of 77% households in 2001 but dropped to 70.27% households by 2011. In the case of the BJP, the growth has been consistent with percentage of households having access to safe drinking water rising from an average of 71.38% in 1991 to 76.65% in 2001 and standing at 87.77% in 2011. The following graph depicts these trends.



Figure 29 Party-Wise Trend in Access to Safe Drinking Water, Economic Survey & Census

The good performance of states like Himachal Pradesh (improving from 77.3% in 1991 to 93.7% in 2011) and Uttarakhand (86% in 2001 to 92% in 2011) has been under the governance of BJP. The state government in Himachal Pradesh helped effective implementation of the central government’s Bharat Nirman Yojana. This is an example of the commitment of the state administration to good governance during their regime.

3.3.3 Education

3.3.3.1 Public Expenditure on Education:

Public expenditure on education is an important indicator of the government’s focus on the welfare of its people and their future development. The graph below shows public spending on education (as % of GDP) at the centre:

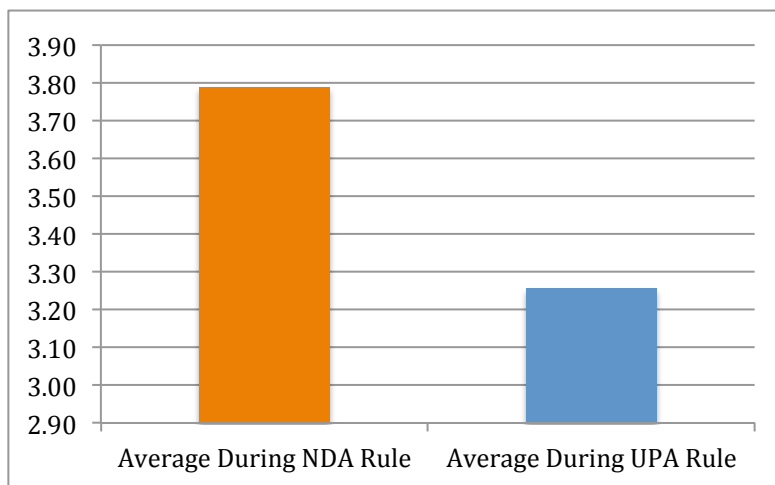


Figure 30 Public Spending Education (as % of GDP), World Bank Development Indicators

The following graph shows the party-wise trend in expenditure of state governments on education (as a percentage of total expenditure) based on the data obtained from RBI and PRS on the same:

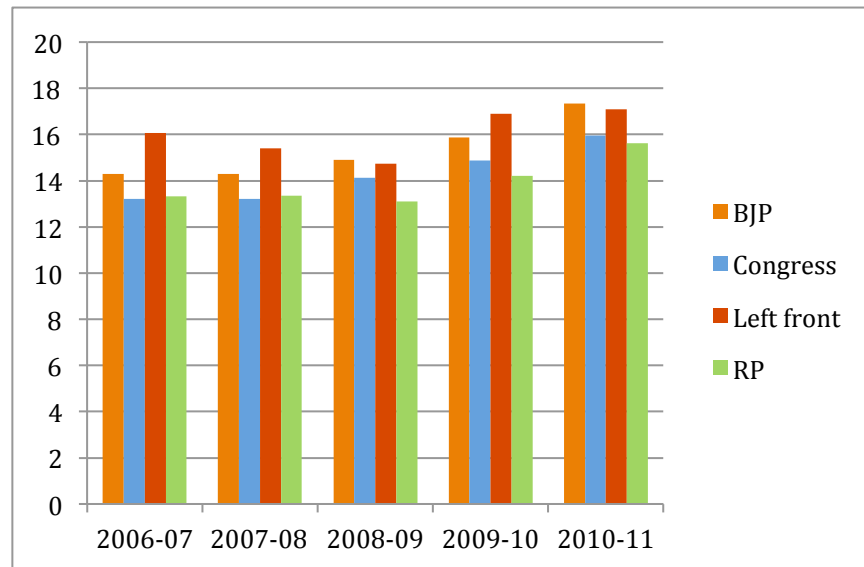


Figure 31 Party-Wise differences in Expenditure on Education, RBI & PRS

The figures were arrived at by taking the average of expenditure on education as a percentage of total expenditure by the state governments, based on which party was in power in a given time period. The Regional Parties have shown a consistent increase in expenditure on education however this increase has been slow. This is evident from the increase in the average expenditure on education being only from 13.34 (in 2006-07) to 14.21 (in 2009-10) and finally to 15.62 (in 2010-11). The Left Front has been inconsistent, which is surprising owing to its public welfare focus. The numbers reflect this as they decreased from 16.07 (in 2006-07) to 14.73 (in 2008-09) and rose again to 17.1 (in 2010-11). The Congress has not shown much increase in the expenditure on education, compromising its socialist approach. The figures grew slowly from 13.12 (in 2006-07) to 14.33 (2008-09) and finally to 15.96 (in 2010-11). The BJP initially showed slow increase in expenditure from 14.28 (in 2006-07) to 14.9 (in 2008-09) but showed greater increase to 17.36 (in 2010-11). The following graph exhibits these trends:

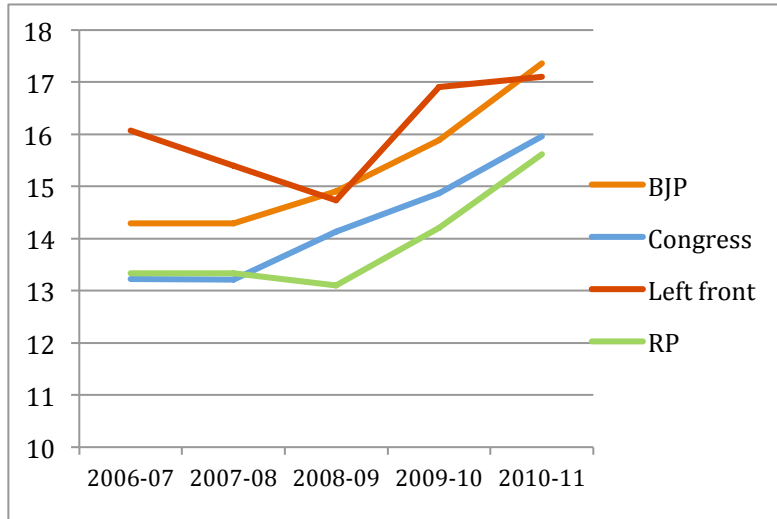


Figure 32 Party-Wise Trend in Expenditure on Education, RBI & PRS

The BJP-ruled states like Uttarakhand (18.1% in 2006-07 to 23.5% in 2010-11, which has been the highest expenditure on education among all the states for that year) and Chhattisgarh (12.9% in 2006-07 to 15.6% in 2009-10 and to 18.6% in 2010-11) have been consistently spending higher portions of public expenditure on education, which is symbolic of their commitment to sustainable development and a vision for the future.

3.4 Economic Indicators:

Economic Indicators are delineated through the following metrics:

- **Growth:** Percentage Growth rate of Gross State Domestic Product, Agriculture & allied sector growth rate, Growth rate of GSDP in Manufacturing (at constant prices 2004-05).
- **Inclusive Growth:** Unemployment rates, Financial Inclusion Index.

3.4.1. Growth

3.4.1.1. Percentage Growth of Gross State Domestic Product:

Gross State Domestic Product (GSDP) is the indicator of the economic health of a state. The growth in GSDP is indicative of the progress made in developing a given state's economy. The following graph shows the party-wise trend in percentage growth of GSDP based on the data obtained from Central Statistics Office and Directorate of Economics & Statistics.

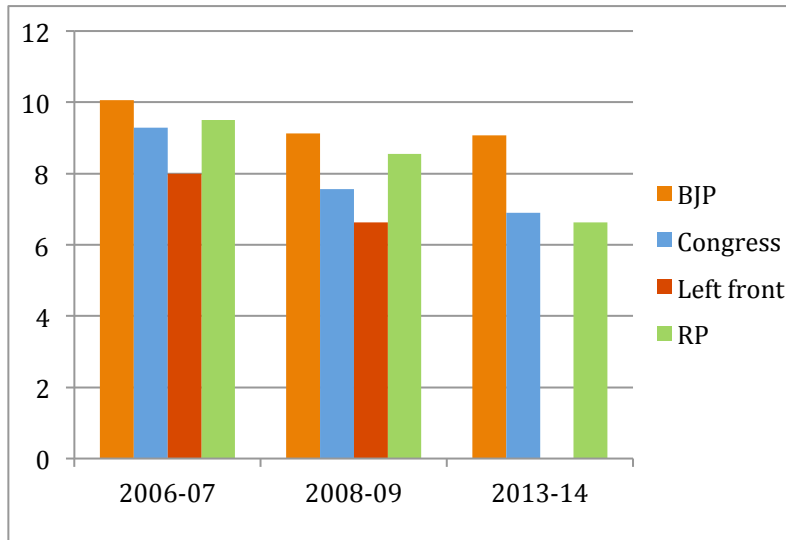


Figure 33 Party-wise differences in %age growth in GSDP, CSO and Directorate of Economics & Statistics

The figures are the average of % growth in GSDP of each state based on which party was in power for a given time period. Left Front and Regional Parties have shown a decreasing percentage of growth. Left Front has gone from 7.99 in 2006-07 to 6.63 in 2008-09 (data for 2013-14 NA). The regional parties have gone from 9.51 in 2006-07 to 8.55 in 2008-09 and 6.62 in 2013-14. Congress ruled states have also shown a consistent fall in growth dipping from 9.3 in 2006-07 to 7.56 in 2008-09 and standing at 6.9 in 2013-14. The BJP while following the same trend of decreasing growth percentage has consistently had higher growth than other party-ruled states. The figures have gone from 10.05 in 2006-07 to 9.3 in 2008-09 and finally to 9.07 in 2013-14. The following graph exhibits these trends.

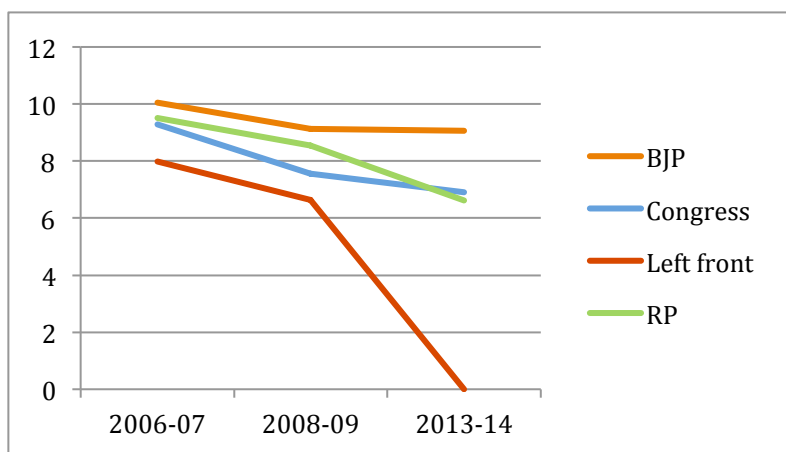


Figure 34 Party-wise Trend in %age Growth of GSDP, CSO and Directorate of Economics & Statistics

BJP ruled states like Madhya Pradesh and Rajasthan have shown positive growth. In Madhya Pradesh the growth was 9.23 in 2006-07 which shot up to 12.47 in 2008-09 and is at 11.08 in 2013-14. Rajasthan performed well with growth being 11.67 in 2006-07 and 9.09 in 2008-09 under BJP rule. However presently under Congress rule it is at 4.60 in 2013-14.

3.4.1.2. Agriculture & Allied Sector Growth Rate:

The following data chart represents the trends of growth in the agriculture and allied sector state-wise under different party-rules, based on the data obtained from Planning Commission Databook 2014.

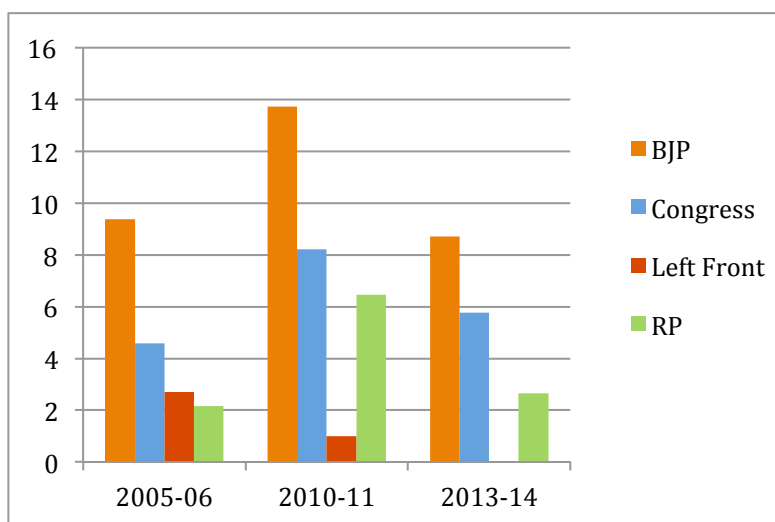


Figure 35 Party wise differences in Agriculture & Allied Sector Growth rate, Planning Commission.

The figures were arrived by calculating the average of agriculture and allied sector growth rates based on which party was in power during a particular time period. The Congress and Regional Parties' ruled states have shown an inconsistent growth rate in the agriculture and allied sector, from the average growth rate of 4.59 in 2005-06 to -0.79 in 2008-09 to 5.76 in 2013-14, and 2.15 in 2005-06 to 2.66 in 2013-14, respectively. The growth rates in Left Front ruled states have gone down tremendously. BJP ruled states have been consistently showing higher growth rates as compared to the other states.

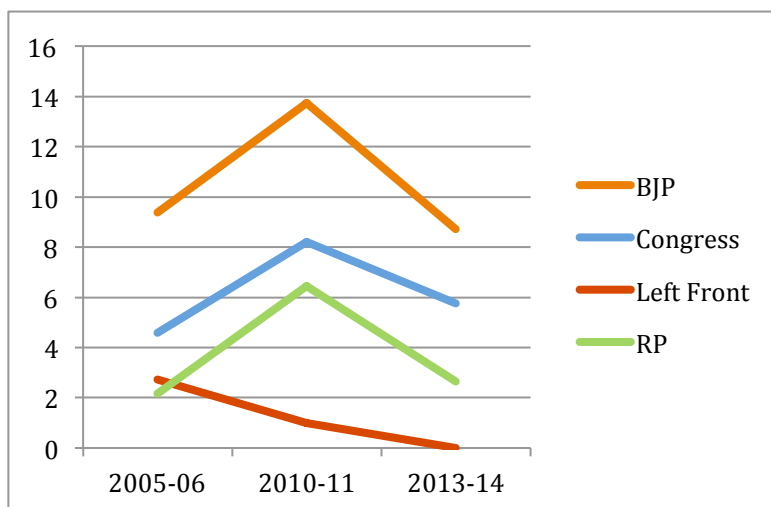


Figure 36 Party wise Trend in Agriculture & Allied Sector Growth rate, Planning Commission

BJP ruled states like Madhya Pradesh and Chhattisgarh have shown remarkable performance in this context, from the average growth rate of 2.35 in 2006-07 to 23.28 in 2013-14 and 4.48 in 2006-07 to 8.89 in 2012-13, respectively.

3.4.1.3 Manufacturing Sector Growth Rate:

The following data chart represents the trends of growth rate of GSDP in Manufacturing (at constant prices 2004-05) state-wise under different party-rules, based on the data derived from the Planning Commission Databook 2014.

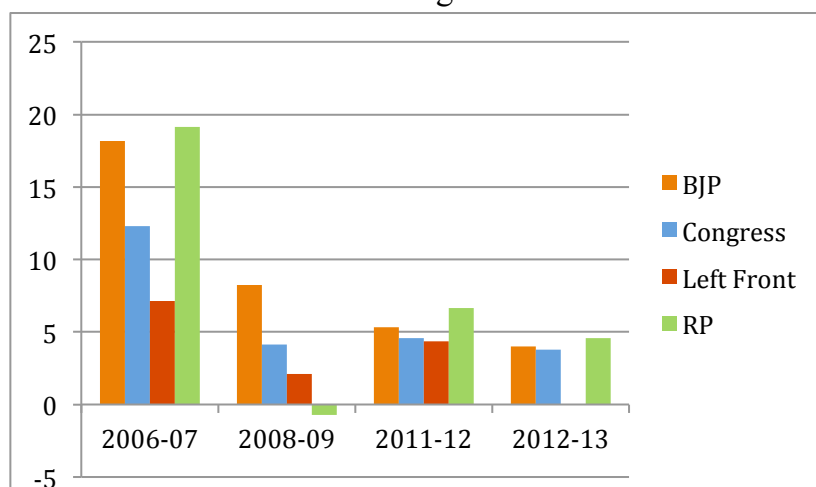


Figure 37 Party-wise differences in Growth rate of GSDP in Manufacturing Sector (at constant prices 2004-05), Planning Commission

The figures were arrived by calculating the average of growth rates of GSDP in Manufacturing Sector (at constant prices 2004-05) based on which party was in rule during a particular time period. (NOTE: The Data excludes the NE states) The Congress and Left Front ruled states have seen a decline from 12.29 in 2006-07 to 3.78 in 2012-13 and 7.15 in 2006-07 to 4.34 in 2011-12, respectively. Regional Party ruled states have shown better contribution from the manufacturing sector, but have inconsistent growth rates. In 2006-07 states like Karnataka added to its credit for a short period of time. The growth rates under Regional Party ruled states went from 19.13 in 2006-07 to -0.74 in 2008-09 to 4.57 in 2012-13. The BJP ruled states can be broadly seen second to the regional parties ruled states in this context. Their average growth rates went from 18.15 in 2006-07 to 4.01 in 2012-13.

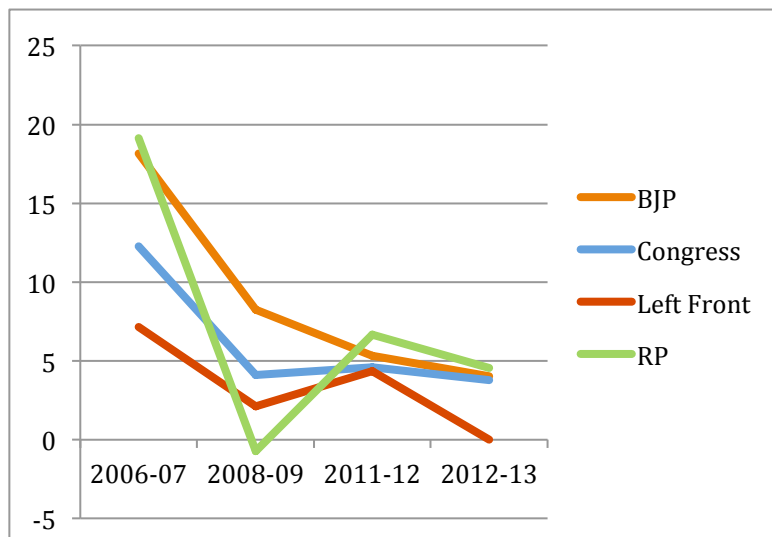


Figure 38 Party-wise trend in Growth rate of GSDP in Manufacturing Sector (at constant prices 2004-05), Planning Commission

3.4.2 Inclusive Growth

3.4.2.1 Unemployment Rates:

Unemployment rates show the effectiveness of a government's economic and labour policies, as they imply the percentage of people willing to work but unable to find employment. This can lead to poor standards of living due to lack of income and poverty (which brings with it other related social ills). The following graph shows the party-wise trend in unemployment across states.

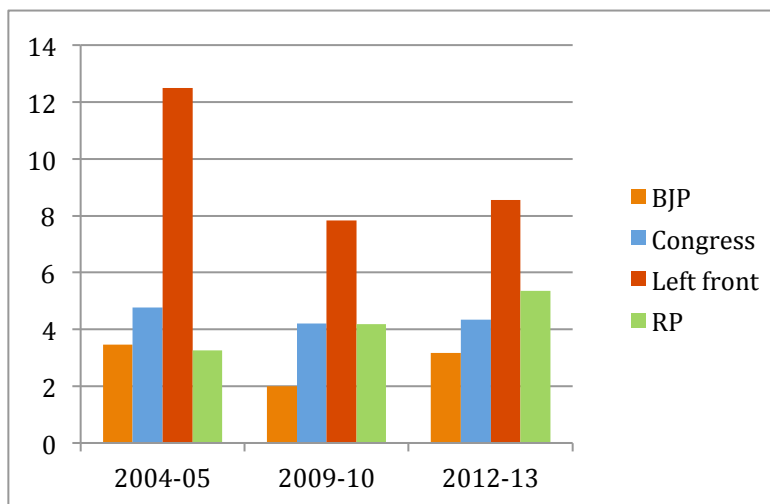


Figure 39 Party-wise differences in Unemployment rates, Labour Bureau, GOI

The figures are the average of unemployment rates in each state based on which party was in power for a given time period. The Left Front, contrary to its pro-working class agenda, has the highest rates of unemployment with the figures at 12.5 in 2004-05, 7.8 in 2009-10 and 8.55 in 2012-13. Regional parties performed better than the Left Front, with lower unemployment, but the rates have been rising steadily since 2004. It was 3.26 in 2004-05, 4.18 in 2009-10 and 5.37 in 2012-13. Congress-ruled states have had unchanged unemployment levels, 4.77 in 2004-05, 4.19 in 2009-10 and 4.33 in 2012-13. BJP has ensured lower rates of unemployment. From an average of 3.47 in 2004-05, it was brought down to 1.99 in 2009-10 and was at 3.17 in 2012-13. The following graph shows these trends.



Figure 40 Party-wise trend in Unemployment rates, Labour Bureau, GOI

States like Chhattisgarh, Madhya Pradesh and Gujarat have shown lower rates of unemployment all under BJP rule. In Chhattisgarh it was 2.05 in 2004-05 which was reduced to 0.95 in 2012-13. In Madhya Pradesh the unemployment rate has been unchanged but at a low 1.65 in 2004-05, 1.80 in 2009-10 and 1.60 in 2012-13. Madhya Pradesh and Chhattisgarh have performed better as state governments have facilitated effective implementation of the central government's MGNREGA.⁵²

3.4.2.2. Financial Inclusion Index:

Financial inclusion is defined as the delivery of financial services at affordable costs to the disadvantaged and low-income segments of society while ensuring financial and institutional sustainability to allow continuity and certainty of investment.⁵³ The data for financial inclusion has been taken from CRISIL's Inclusix (financial inclusion index), which is based on three parameters: branch penetration, deposit penetration and credit penetration at national and state level.⁵⁴ Greater financial inclusion is an indicator of the government's commitment to boosting economic growth along with reducing poverty and inequality, simultaneously ensuring financial stability in the country. The following graph shows the party-wise trend in financial inclusion across states.

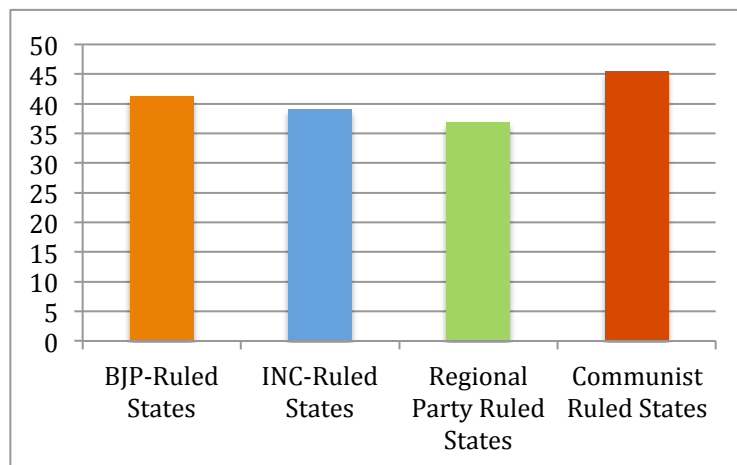


Figure 41 Party-wise differences in Financial Inclusion, CRISIL Financial Inclusion Index 2013

⁵² State Level Performance of MGNREGA in India: A Comparative Study, Dr. Kalarani Rengasamy and B. Sasi Kumar. Accessed on 17th December 2014,

<http://irjs.info/index.php/irjs/article/viewFile/10768/5433>

⁵³ Building Inclusive Financial Sectors for Development, UNDP. Accessed on 17th December 2014,

http://www.uncdf.org/sites/default/files/Documents/bluebook_1.pdf

⁵⁴ CRISIL Inclusix, June 2013. Accessed on 17th December 2014,

<http://www.crisil.com/pdf/corporate/CRISIL-Inclusix.pdf>

The figures are an average of the financial inclusion index figures across states from 2009-2011 based on which party was in power during that period. The Left Front has a higher financial inclusion index due to the state of Kerala where the numbers have always been positive with greater branch, deposit and credit penetration as compared to all other states in India. Other Left Front-ruled states like Tripura (35.6 in 2009 and 38.7 in 2011) and West Bengal (25.3 in 2009 and 28.8 in 2011) have figures much lower than Kerala showing disappointing performance.

The BJP ruled states have consistent financial inclusion figures with states like Karnataka, Himachal Pradesh and Uttarakhand doing relatively well. The figures in Karnataka were 51.5 in 2009 and 57.7 in 2011, in Himachal Pradesh they were 51.7 in 2009 and 58.5 in 2011 and in Uttarakhand they were 45.6 in 2009 and 50.5 in 2011. The following graph shows these trends.

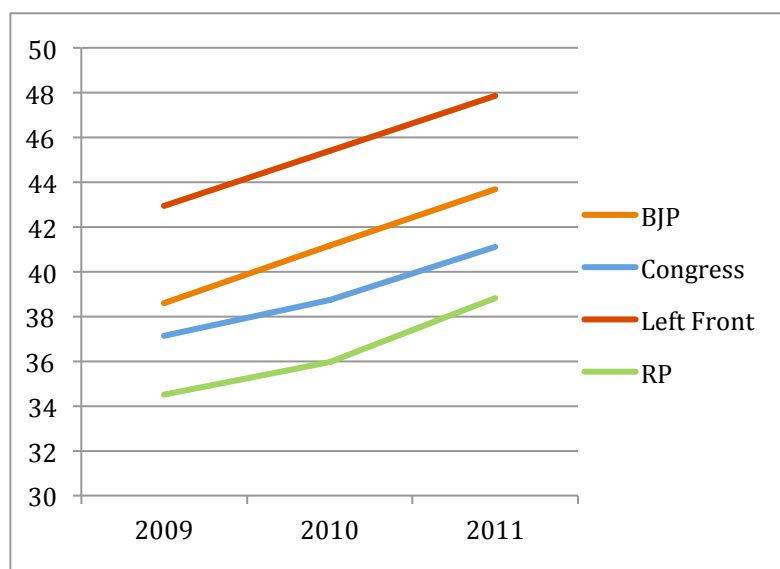


Figure 42 Party-wise trends In Financial Inclusion, *CRISIL Financial Inclusion Index 2013*

4. Conclusion

The year 2014 is considered a watershed year in Indian politics. Earlier, success in politics was measured only in terms of electoral gains. The rise of an aspirational young generation in the 21st century and the advent of social media have forced a necessary change in India's political discourse. This generation looks beyond the promises of elections and demands delivery on the same. Development, accountability, efficiency and delivery have become keywords in political discussions. The year 2014 has established the fact that from now 'Electoral Politics' has changed to 'Politics of Performance.'

The above study attempted to analyze the 'Politics of Performance' in terms of different governance indicators and related socio-economic outcomes. From the analysis of the data on governance, social and economic indicators, across states and at the national level it is clear that the Bharatiya Janata Party's model of governance provides for effective, efficient, accountable, sustained growth and development. Compared to the Congress, Left front or Regional Parties' models of governance the BJP model has proved to be more responsive, equitable and inclusive. The BJP is unique in talking the talk of good governance and this report shows that it also walks the walk. The quantitative evidence for this is presented above and following is some qualitative evidence of the same.

Responsive: With its strong commitment towards a **responsive government**, The BJP's model of governance focuses on service delivery through legal mechanisms and application of e-governance. The *Madhya Pradesh Public Service Delivery Guarantee Act*, e-governance initiatives of BJP ruled states like *Sakala* (Karnataka) and *Swagat* (Gujarat) have been widely recognised and appreciated.

Effective and Efficient: The BJP's governance model has also proved its **effectiveness and efficiency** through time-bound completion of many infrastructural projects. The construction of the *Mumbai-Pune Expressway* (Maharashtra) and *BRTS-Ahmedabad* (Gujarat) projects are case in point.

Innovative: Innovation is key to the BJP's governance model. BJP ruled states have initiated many innovative schemes, which were later replicated at the national level. *Jyotigram* and *Vanche Gujarat* (Gujarat) schemes are cases in point. Besides, the BJP ruled states have used innovative strategies in implementation of schemes.

Economic Growth: All BJP ruled states have shown remarkable and consistent economic growth. As evident above, BJP ruled states have been consistently above 8% growth rate for GSDP.

Inclusive Development: ‘Inclusiveness’ is also a hallmark of BJP’s governance model. The agricultural growth rate is declining all over India while BJP ruled states have achieved double digit agricultural growth rates. Madhya Pradesh has achieved double-digit agricultural growth rate consistently for three years by implementing comprehensive reforms in the agricultural sector. Besides, the BJP’s model is also effective in providing jobs. Focus on skill development as well as efficient implementation of central schemes like MNREGA has ensured low unemployment rates in BJP ruled states.

Equitable: In the social sphere, the unique blend of information technology and good governance has made the *Chhattisgarh PDS scheme* a model for the entire nation. BJP ruled states are also at the forefront in finding solutions to social issues through a variety of social schemes like *Chiranjeevi Yojana, Garib Kalyan Mela* (Gujarat); *Ladli Laxmi Yojana, Beti Bachao Yojana* (Madhya Pradesh). These initiatives not only improved outcomes at the ground level but also have an impact on the approach that policy makers take towards such issues.

Leadership: BJP’s model of governance is unique due to the style of leadership the party promotes. The leadership presents a unique blend of vision, compassion and decisiveness. In the BJP’s model of governance, the Chief Ministers are empowered to actively participate in decision-making and implementation, as the CM is in-charge of all important policy issues.

Re-defining Good Governance at Centre: With the advent of BJP government at the centre, Prime Minister Narendra Modi is re-defining good governance at the centre. The Modi administration has greatly emphasized participation, responsiveness, equitability and inclusivity as well as effectiveness and efficiency. Policies and initiatives under this administration are geared towards being effective and efficient mediums of development under the rule of law, with the development process itself being participatory, equitable and inclusive.

The challenges for the BJP would be to carry on its governance model across governments by making it more outcome-oriented and internalizing good governance principles into the work culture. Another challenge would be to shape new leadership for the 21st century.

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