

# Governance, growth & the hinterland

Gangsters in the guise of politicians and the collapse of administration have retarded economic inclusion in the northern hinterland. Inclusion needs fundamental reforms, not necessarily money, says **Sanjay Sinha**.

**A**T A time when newspaper headlines are raving about how the country's economic growth is scorching the earth and the sensx scales new heights everyday, it is tempting to wonder what the prime minister is on about when he talks of the challenges of economic inclusion. The view from Gurgaon, Goregaon, Garihat and Guindy is certainly very different. To be fair, between flyovers, shopping malls, apartments and office buildings lies the inevitable slum but, even there, the sight of TV screens glittering at night presents a reassuring sight. So it was with great hope and excitement that this author set out to revisit ancestral lands in eastern Uttar Pradesh after a period of five years. The result, frankly, was so disappointing that the return to Gurgaon was a welcome relief.

Gorakhpur, the ultimate market town at the centre of the agricultural hinterland of northeastern UP, is no longer small. At the last census, its population was reported to be in excess of half a million. Thirty years ago it represented the essence of a country firmly in the grip of the plodding 3.5% 'Hindu rate of growth'. Its narrow rickshaw-jammed streets, open drains, power failures and petty local disputes seemed no more than characteristic of a town whose claims to fame have never been any more than the moderately famous Gita Press, that produces religious texts translated into simple Hindi, and the Gorakhnath temple. There was, however, hope for the future. Then, in the afterglow of the green revolution of western UP, Haryana and Punjab, the sugarcane fields and paddy farms of its hinterland seemed headed for a similarly productive revolution.

Despite its population growth, Gorakhpur today is no more than the dirty market town it was in 1977, its streets no less rickshaw-jammed and the open drains still over-flowing. Somewhere between the backward class posturing of Mulayam Singh and the Dalit revolutions of Mayawati, east UP towns like Gorakhpur



BONNY THOMAS

have lost their way. The promise of industrial jobs created by the establishment of the IFFCO fertiliser factory in the 1960s has evaporated as the decline of price controls and the advent of economic reforms put paid to this highly priced white elephant. The promised green revolution disappeared in a puff of complacency as, food self-sufficiency achieved, the Centre as well as the state turned their attention to other matters and the agricultural extension system all but collapsed.

Even the irrigation network of the Sharda canal system did not deliver its promise as corruption, poor maintenance and minimal rural power supply made it ineffective. To cap it all, even the vast railway yard and maintenance workshop now lie unutilised as successive railway ministers from Bengal and then Bihar shifted the focus of the North-Eastern Railway to Samastipur in north Bihar.

So, why is Gorakhpur important? It is important because it represents dozens of towns spread across the BIMARU hinterland; towns from Dungarpur and Bikaner

in Rajasthan to Muzaffarpur and Bhaugapur in Bihar that function as the hub of an agrarian economy that supports hundreds of millions of people. The failure of these towns to keep pace with the national economy means that the hinterland is falling behind, that economic inclusion is failing to take place.

**A**ND what's wrong with Gorakhpur? It is apparent even during a short visit that there is a total failure of governance. Both the town and the countryside have, for decades, been in the grip of gangsters in the guise of politicians. No trader, contractor or any other form of business can function without the infamous *hafta*; the municipality is so riddled with corruption, it barely functions and the likes of Mayawati and Mulayam have abandoned it to its fate on account of its support to the BJP, courtesy the mahant of the Gorakhnath temple who is the local MP. The sugarcane economy for which the area was famous has also all but collapsed.

Historical controls on the price of sug-

ar initially led to malfunctioning, then nationalisation of the sugar mills in the district. Government control led to inefficiency and lack of maintenance; then decontrol led to bankruptcy for the sugar mills. Most of the farmers have nowhere to go with their cane so the only real cash crop in the region has become largely worthless. Slow growth of agriculture combined with high growth of population has led to increasing landlessness, joblessness and relative pauperisation. Migration to Punjab, Mumbai and the National Capital Region is the only salvation for many families.

The restoration of governance in eastern Uttar Pradesh may be a slow and painful process but it is necessary. Ms Mayawati's primary constituency of Dalits is the one that suffers the most in a regime of bad governance. It is the Dalits who suffer when the canal system does not function; the large farmers simply install pumpsets and draw water from the ground. It is the Dalits who suffer in the absence of sugar factories; on-farm and off-farm labour opportunities are reduced when large farmers switch to wheat from sugarcane. It is the Dalits who suffer when economic activity in the towns is brought to a standstill by gangsterism; businesses do not expand, construction activity grinds to a halt and the demand for labour is stagnant.

It is hardly necessary to say what is needed to improve governance but a restoration of the morale of the police would be a start. A moratorium on the most extreme forms of political patronage both in the police and the administration, a focus on the management of infrastructure and an effort to improve the environment for "doing business"; all of these would do wonders for the development of Uttar Pradesh as a whole; for eastern UP it would provide a major boost. Economic inclusion needs fundamental reforms but it does not necessarily need money. Just look at the improvement of conditions in Bihar today.

(The author is managing director, Micro-Credit Ratings International Ltd)