

‘Autonomy and Organisational Performance’

A critical review of Bihar’s
experiment with arm’s length
agencies in Rural Employment
Guarantee Programme in India

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Summary

Arm's length agencies (ALAs), during recent years, have attained popularity in developing countries for delivery of public services. The autonomy of ALAs and its consequent influence on organisational performance has been a subject of inconclusive enquiry. This study undertaken in Bihar, India focussed on ALAs implementing the Rural Employment Guarantee Programme. It arrives at a conclusion that autonomy granted to the ALAs on paper by the state is susceptible to several factors, specifically political interferences, security issues, caste dynamics and inadequate support systems. The study further reveals that these factors trigger certain behavioural responses such as abuse of authority that adversely affects the performance of ALA.

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List of abbreviations

ADPC	:	Additional District Programme Coordinator
ALA	:	Arm's Length Agencies
ARA	:	Autonomous Revenue Authorities
BCECEB	:	Bihar Combined Entrance Competitive Examination Board
BDO	:	Block Development Officer
BIMARU	:	Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh
BJP	:	Bhartiya Janta Party
DDC	:	Deputy Development Commissioner
DM	:	District Magistrate
DPC	:	District Programme Coordinator
FY	:	Financial Year
GP	:	<i>Gram Panchayat</i>
JDU	:	Janta Dal United
JE	:	Junior Engineer
MGNREGA	:	Mahatma Gandhi National Rural Employment Guarantee Act
NPM	:	New Public Management
PC	:	Percentage
PO	:	Programme Officer
PRS	:	Panchayat Rozgar Sevak
PTA	:	Panchayat Technical Assistant

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Preface

This is my dissertation report for successful completion of Masters Programme in Governance and Development at the Institute of Development Studies, University of Sussex

The focus of my dissertation is on the contemporary subject of autonomy and performance of arm's length agencies (ALAs). ALAs in delivery of public services are becoming popular in the developing world. Therefore, I chose to examine the autonomy and performance relationship in implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) by ALAs in Bihar, India. My study seeks answers to three specific enquiries – (1) the reason behind Bihar adopting ALA structure for implementing MGNREGA, (2) what are the factors that influence the autonomy granted to the ALAs in Bihar, and (3) how do the factors influencing autonomy affect the performance of the ALAs. I carried fieldwork in Bihar to explore the answers to the above questions, interviewed important stakeholders and collected documents to support the claims that I make in the report. I also reviewed secondary literature on autonomy and performance relationship and new public management approach to arrive at my theoretical framework.

I am indebted to several people who made this report possible. First and the foremost, I am grateful to my supervisor, Dr. Anuradha Joshi for her continued encouragement, guidance and support. I am also thankful to Dr. Diana Conyers, my programme convenor, who has been an unending source of advice. I sincerely thank Ms. Lisa Ross for all her support.

I am grateful to Dr. A. Santhosh Mathew, Principal Secretary, Rural Development Department, Government of Bihar, for facilitating my fieldwork in Bihar. I am also indebted to Mr. Anup Mukerji, Ex- Chief Secretary, Government of Bihar and Mr. Vijoy Prakash, Principal Secretary, Department of Planning, Government of Bihar for their advice and support during my fieldwork. I sincerely acknowledge all my interviewees whose participation led to successful completion of this study.

Finally I owe my greatest debts to my beloved wife and wonderful daughters.

Chapter 1: Introduction

1.1 Introduction

In recent years, autonomous arm's length agencies (ALAs) have been popularly promoted by the governments for delivering an array of public services. In 2007, Bihar was one of the few states in India that decided to adopt ALAs to implement Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)¹ upon its enactment in 2005 and subsequent roll out from the year 2006. The decision by the state of Bihar was a bit peculiar for two reasons. First because it came from a state that for almost 15 years (between 1990 – 2005 when it was ruled by first by Lalu Prasad Yadav and then his wife Rabri Devi) experienced notoriously poor standards of governance marked by 'widespread insecurity and inter-caste violence; corruption; kidnapping for ransom; abuse of power; coercion at the polls; caste-based electoral politics; and apparently highly conflictual and dysfunctional political competition' (Long 2004 and Singh 2005 cited in Mathew and Moore 2011, p. 6). Second the pronouncement was made by a state considered to be part of the **Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh (BIMARU²)** cluster, comprising of states that according to Bose (2000) were regarded to be demographically, socially, economically and politically backward.

This strangeness was one of the reasons why I choose Bihar for this study. Yet another reason is dearth of studies on ALAs in and on India that the review of secondary literature on the subject reveals. Among different kinds of ALAs, the most studied are Autonomous Revenue Authorities (ARAs) in Latin American countries (Taliencio Jr. 2004) and Ghana (Joshi and Ayee 2009), Quangos in the United Kingdom (Bertelli 2008), Arm's Length Public Agencies in Belgium (Verschuere 2007) and semi-autonomous public bodies in Japan (Yamamoto 2008).

This study seeks an answer to three critical questions about the Bihar case. First, why did Bihar experiment with ALAs in MGNREGA? Second, what autonomy was

¹ MGNREGA is a flagship programme of government of India in which the state 'guarantees' 100 days of employment to every rural household on demand.

² BIMARU is an acronym deduced from the first (first few in some cases) letters of four north Indian states that also has a resemblance to a Hindi word '*Bimar*' meaning sick.

granted to the ALAs in Bihar and what are the factors facilitating or undermining the autonomy of these ALAs? Third, what is the effect of these factors on the organisational performance of the ALAs? In answering these questions, I intend to respond to how autonomy of ALAs influences performance in delivering public services.

Drawing on field work in *Saharsa* and *Kaimur* districts of Bihar, I argue that in the beginning the autonomy conferred by the state to the ALAs implementing MGNREGA in Bihar was comparatively higher. Over the years it has withered for variety of reasons. This erosion, I contend, has affected the organisational performance of the ALAs.

In this chapter, I first explain the theoretical framework of my study. Then I introduce the methodology and finally describe the structure of rest of the paper.

1.2 Theoretical Framework

In this section, I review secondary literature to outline the theoretical framework that guides this study. The section has three components. First it introduces the types of ALAs observed in different parts of the world and identifies the reasons for their emergence. Second, it examines the idea of autonomy associated with the ALAs and finally assesses the relationship between autonomy and performance.

ALAs, branching out of New Public Management (NPM) (Larbi 1999) phenomenon observed in different parts of the world, are of varied kinds. Verschuere (2007, p.109) and Fedele *et al.* (2007, pp.559-560) propose three notions – *structural disaggregation* implying formally at a distance from the parent body but being task specific, *autonomisation* indicating having some level of autonomy to discharge its functions and *contractualisation* entailing ‘shift from a hierarchical control system to a control system that involves a (quasi)contractual relationship between the agency and the parent administration, mostly based on performance’. I use this construct to analyse the characteristics of ALA that is observed in Bihar.

About the emergence of ALAs, there are two key arguments. One is on the circumstances driving reforms related to ALAs whereas the other is expectation of

better performance from the ALAs. Larbi (1999) isolates several factors such as criticism of old public administration that was regarded as corrupt and self-serving, changes in political and ideological contexts, conditionalities associated with credit or grant from international donor agencies and good governance and public sector management reforms. Verhoest *et al.* (2004) deduce that the expectations associated with ALAs especially of superior performance in terms of economy, efficiency and effectiveness as driving force for their emergence. Arguing on the emergence of Autonomous Revenue Agencies, Taliercio Jr. (2004) also echoes the notion of expectations of superior organisational performance. In Chapter 2, using these two arguments as above I analyse the reasons for adoption of ALAs in Bihar.

Verhoest *et al.* (2004) connect superior organisational performance of ALAs to their autonomy. Autonomy is regarded as a common feature in all types of ALAs, though in varying degrees. However, the association is still inconclusive. Several authors (Taliercio 2004, Taliercio 2004b, Joshi and Ayee 2009) have attempted to explore the relationship between autonomy and performance and have arrived at different conclusions. For instance, Taliercio (2004) studied this relationship in case of Autonomous Revenue Authorities (ARAs) in four countries from Latin America to conclude that a greater level of autonomy is associated with superior organisational performance. However, the study on ARAs in Ghana by Joshi and Ayee (2009) suggests that the strong performance of ARAs in Ghana is not the result of autonomy, rather of other nuts and bolts reforms. Having said that, Verhoest *et al.* (2004) comparing eight relevant studies illustrate that most of the studies (six out of eight) supports an association between autonomy and performance of public agencies.

Taliercio Jr. (2004) concludes that the organisational autonomy in terms of managerial, personnel and financial autonomy leads to superior organisational performance demonstrated through competence, effectiveness and fairness. I adopt this theoretical framework to identify which factors influence which of the three domains of organisational autonomy of the ALAs in the state of Bihar and its subsequent effect on their organisational performance.

The way I use the concept of autonomy in the study is summarised in Table 1. *Managerial autonomy* entails freedom from multi-project engagement, implying that

the managers are responsible only for MGNREGA and nothing else. *Personnel autonomy* includes hierarchical control mechanisms in the organisational structure, availability of suitable and sufficient infrastructure and facilities for discharge of functions with higher degree of professionalism. This also implies insulation of the MGNREGA team from day to day political and bureaucratic interferences and independence from civil service based rules. Finally, *financial autonomy* entails dedicated allocation of sufficient finances for discharging the expected functions and decision making liberty on use of finance/spending with justifiably restrictive system of checks and balances.

In his paper on autonomous revenue authorities in Latin America, Taliencio Jr. (2004) analyses the influence of autonomy on three domains of performance – competence, effectiveness and fairness. The author conceptually defines competence as overall improvement in quality of services, effectiveness as detection of non-compliance and fairness as technical and impartial administration.

Table 1: The dimensions and concept of organisational autonomy and organisational performance as used in the study

Terms	Dimensions	Concept
Organisational Autonomy	Managerial Autonomy	<ul style="list-style-type: none"> Freedom from multi-project engagement
	Personnel Autonomy	<ul style="list-style-type: none"> Hierarchical control mechanisms Availability of suitable and sufficient infrastructure and facilities Insulation from day to day political and bureaucratic interferences Independence from civil service code
	Financial Autonomy	<ul style="list-style-type: none"> Financial sufficiency Financial accessibility
Organisational Performance	Competence	<ul style="list-style-type: none"> Achievement of targets Timely utilisation of funds Proper maintenance of records
	Effectiveness	<ul style="list-style-type: none"> Ability to deal with the issue of non-compliance
	Fairness	<ul style="list-style-type: none"> Non abuse of discretionary powers.

In my paper I ascribe the definitions to the three elements of performance in following way (Table 1). *Competence* as a dominion of performance implies high achievement

against the labour budget projection³ in terms of person days generated and the utilisation of allocated financials within the given timeframe. *Effectiveness* refers to the ability of the staff to identify and deal with the issue of non-compliance against the MGNREGA operational guidelines. *Fairness* signifies refrainment from abuse of powers.

The arguments in the paper are positioned in accordance with the theoretical framework detailed in this section.

1.3 Methodology

In this section I elaborate the methodology I followed in an attempt to answer the key research questions. My methodology relies on a mix of secondary sources and primary information. The secondary sources involve engagement with the literature on the ALAs and NPM to understand the potential reasons behind adoption of ALAs for implementing MGNREGA in Bihar.

The primary sources are based on fieldwork in Bihar during the month of July 2012. Though the decision on ALAs equally affected all the 38 districts in Bihar, the performance of each district in the state has not been uniform. The state began ranking of the districts against four weighted indicators of performance (person days created – 45 per cent; expenditure – 45 per cent; job cards issued – 5 per cent and bank account holders – 5 percent) since the Financial Year (FY) 2009-09. The ranking reveals that some districts in the state consistently occupied high rank, some steadily ranked low and few experienced significant variation in their ranking over different financial years⁴.

For the purpose of this study, I chose to pick one consistently good performing district and one not so good ranking district in the state for field work. *Saharsa* represents good performing district that occupied 1st, 4th, 5th rank during the Financial Years 2009-09, 2009-10 and 2010-11 respectively but dropped to 14th position in the year 2011-12. *Kaimur* represents not-so-good performing district and ranked 24th, 36th, 24th

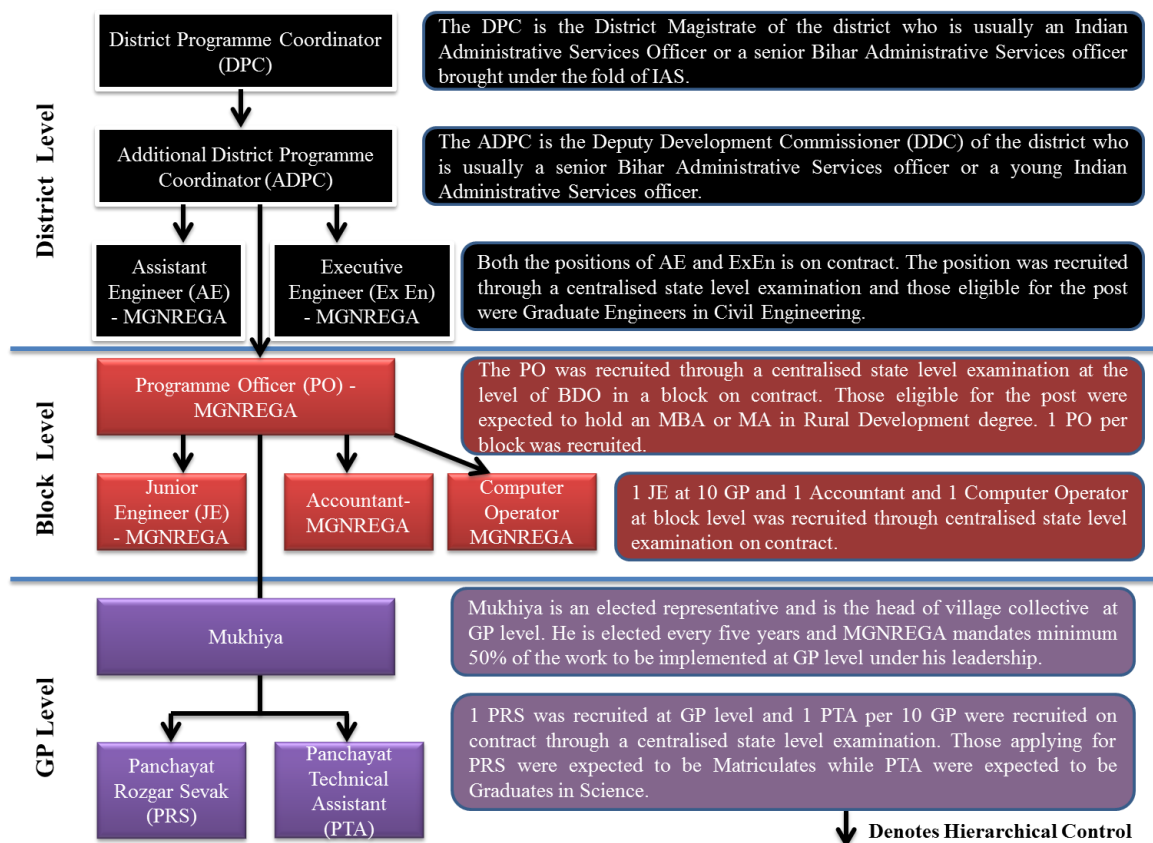
³ Labour budget is based on the assessment of labour demand, identification of works to meet this demand and estimated cost of works and wages, in the *Gram Panchayat* Development Plans.

⁴ See Annexure 1 for the ranking of districts between FY 2008-09 to 2011-12.

and 19th for the same Financial Years as that of *Saharsa* (Government of Bihar 2012). The idea of selecting *Saharsa* and *Kaimur* was not to explain success or failure, rather to get a sense of dissimilarities or similarities. The two cases are illustrative rather than comparative.

I used semi-structured interviews⁵ during my fieldwork and spent three days each in both districts and two days in Patna, the capital of Bihar. All the informants agreed to participate on the condition of anonymity and therefore I do not reveal their names anywhere in this report. The informants represented all the tiers of the organisational structure. As mentioned earlier, the same organisational design was implemented across the state. So, *Saharsa* and *Kaimur* also have similar structures for the implementation of MGNREGA (Figure 1).

Figure 1: Organisational Structure with description on the status of the person occupying the post at all levels



⁵ See Annexure 2 for the detailed interview schedules.

Different number of staff was posted depending upon the size of the district, block (the sub-district) and the number of *Gram Panchayats* (GPs) within each block. For instance, one Programme Officer (PO) per block was posted in each district while one Panchayat Technical Assistant (PTA) was posted per 10 GP. Except for the District Programme Coordinator and the Additional District Programme Coordinator who came from traditional bureaucracy and the *Mukhiya* who is an elected representative all the other positions were recruited on contract (see Figure 1 for details).

The Block level team consists of a Programme Officer (PO) who works closely with an Accountant and a Computer Operator. The Programme Officer is also the line manager for the Panchayat Technical Assistant and the Panchayat Rozgar Sevak operating at Cluster of *Gram Panchayats* and *Gram Panchayat* level respectively to help the *Mukhiya* in smooth implementation of the programme.

The informant with nature of information collected through semi-structured interview is captured in Table 2 below.

Table 2: List of informants with nature of information explored from them

Informant	Nature of information collected
Ex-Chief Secretary, Principal Secretary (Rural Development Department), Government of Bihar	The information collected pertained to why and when was the reforms related to structural disaggregation in MGNREGA introduced. Who were the people in political system and traditional bureaucracy favouring it? Who opposed the reforms? How was the opposition to reform dealt and by whom? How was the reform introduced? What was the response of the district and sub-district level bureaucracy in the state?
District Magistrate (DM) and Deputy Development Commissioner (DDC) (<i>Saharsa</i> and <i>Kaimur</i> districts)	The response of the DMs / DDCs to the reform introducing structural disaggregation in MGNREGA was understood. Their perception on the performance of contractual staff was gauged. They were also asked about what kind of support systems they have introduced to allow the contracted staff to perform the tasks expected from them, efficiently. Their view on the relationship between the lower levels of traditional bureaucracy and the contractual staff was also understood. The kind of systems for motivation of contractual staff that they have introduced was also explored.
Block Development Officers	The reaction of the BDOs of 3 blocks each from

(BDOs) in <i>Saharsa</i> and <i>Kaimur</i> districts	<i>Saharsa</i> and <i>Kaimur</i> on the reform was understood. Their perception on the performance of contractual staff was gauged. They also informed about their relationship and kind of interaction with the contractual staff.
Contracted staff at Block Level in both the districts	The information from the Programme Officer (PO) MGNREGA and Junior Engineer MGNREGA of 3 blocks each from <i>Saharsa</i> and <i>Kaimur</i> was collected to understand the nature of influence of local politicians/elected representatives on their work, their relationship with the parallels in traditional bureaucracy and the senior district level staff, the inter-personal relationships, their motivation levels and the reasons thereof and the financial autonomy issues. Their response to the factors influencing their autonomy and the subsequent behavioural responses was deciphered.
<i>Mukhiya</i> (Village Collective Leader) in both the districts	6 <i>Gram Panchayat Mukhiyas</i> from each district were interviewed to comprehend their relationship and the kind of interactions with the associated contractual staff at the GP and Block level.

In terms of frame of analysis, first, I apply the primary information to interpret the similarity or variance in the reasons for introducing ALAs in Bihar and in other parts of the world. Further, I distinguish the factors influencing the managerial, personnel and financial realms of autonomy by interpreting the information collected from different respondents. Finally, the perception of the traditional bureaucracy on performance of the ALA against the expectations is comprehended apart from understanding their behavioural response whenever the autonomy is influenced, either positively or negatively.

1.4 Structure of the report

This point forward the paper has four chapters. The following chapter, Chapter 2, analyses the political economy of reforms related to state's engagement with ALAs in various countries and that of Bihar in India. This chapter critically reviews reasons noticed in Bihar with purposes observed elsewhere. The arguments are located in the ideas of New Public Management reforms as proposed by Larbi (1999) and the idea of 'credible commitment' introduced by Taliencio (2004). The chapter also represents organisational structure in the two districts at the time of study and informs if the current structure confirms to the proposed organisation design or carries any kind of deficit.

Chapter 3 identifies the various autonomies granted to the ALAs in Bihar and classifies them into the three dominions of autonomy - managerial, personnel and financial. It further examines different factors, both within the organisation and external, and their effect on each facet of autonomy. This segment also evaluates if there is a harmony or conflict between ‘autonomy on paper’ and ‘autonomy in practice’?

Chapter 4 discusses how factors influencing autonomy of the ALAs implementing MGNREGA in Bihar affects its performance. The chapter captures the response of ALA staff in the state to different factors influencing their autonomy and delineates the connection between their behavioural response and performance.

Finally, Chapter 5 summarises the discussion in previous chapters, discusses the implications of the findings for theory and concludes with some policy recommendations.

Chapter 2: Engaging ALAs in MGNREGA: The Bihar Story

This chapter deals with three key dimensions of Bihar's decision on engaging ALAs for implementation of MGNREGA. First, it examines the reasons and expectations associated with the decision. Then it moves on to explain the process of implementing the decision. Finally, it assesses the typology of the ALA introduced in Bihar.

Before I begin the discussion on these dimensions, it is important to examine the decision against the political context. MGNREGA was enacted in the year 2005 and was rolled out in 200 poorest districts of India in the year 2006. The same year that saw enactment of MGNREGA was the year in which Bihar experienced a major political reshuffle. In the 2005 elections in the state, the opposition coalition led by Nitish Kumar came into power bringing an end to the 15 years of Lalu's rule in the state. Thereafter, in the words of Mathew and Moore (2011, p.11), 'Bihar became the poster child of governance reforms'. In an interview the then Principal Secretary of the Rural Development Department said that the decision to introduce ALAs for implementing MGNREGA was taken by the new government through a cabinet decision in the year 2006. But which factors facilitated this decision and was there any kind of opposition? In the next section, I discuss this question.

2.1 Why did Bihar use the ALA structure to implement MGNREGA?

The implementation of MGNREGA lies under the purview of Rural Development Department, Government of Bihar. Drawing on interviews with three senior bureaucrats who headed the Rural Development Department (two Ex- Principal Secretaries and one currently heading the Department), I identify three core reasons why Bihar opted for ALAs for implementation of MGNREGA – (1) changes in the political context (2) the good governance agenda of the Nitish Kumar's government and (3) criticisms of the traditional bureaucracy. I explain these below.

Changes in the political context: As mentioned in the beginning of this section, the new coalition government led by Nitish Kumar marked the beginning of several

governance reforms⁶. This political setting was an important factor influencing the decision on ALAs in MGNREGA in Bihar.

Good governance agenda: Interlinked to the changes in political context is the good governance agenda of the new government. All the Principal Secretaries whom I interviewed associate the decision on ALAs with the good governance agenda of the Nitish Kumar's government. 'MGNREGA is different from other centrally sponsored schemes. It is an Act that comes with stringent accountability and transparency features. It is a mix bag of opportunities for poor state like Bihar if we implement it well otherwise we shoulder the penalties. This called for a dedicated and independent chain of implementers. We anyhow needed to implement it in best possible way', commented one of the Principal Secretaries.

Further, interview suggested that because the new government in Bihar was planning for a series of reforms (Mathew and Moore 2011), there was a perception among senior bureaucrats and the politicians that multitude of reforms would put enormous burden on the traditional bureaucracy.

Therefore, the decision on ALAs was taken to recruit a cadre of professionals at arm's length operating without day to day political influence that also entailed a degree of specialisation with single-minded focus on high end implementation of MGNREGA. This is in keeping with the World Bank's (1999) and Fedele's *et al.* (2007) identification that specialisation and single-mindedness of purpose as important factor for engaging ALAs in different parts of the world.

Criticisms of traditional bureaucracy: The Principal Secretary of Rural Development Department who was part of the decision on ALA highlighted that the choice was triggered by the prevalent belief in the new state system, that permanent staff in the traditional bureaucracy would be a bottleneck in the implementation of MGNREGA. They were regarded as corrupt and inefficient. In his words 'the idea was to bring in fresh blood into the system so that the good governance agenda is felt at the grassroots'. This kind of shift in Bihar also reverberates with the notion of criticism of

⁶ This is keeping with Schneider's and Heredia's (2003) observation of political stability as a result of majority in the legislature for enacting significant reforms.

old public administration highlighted by Larbi (1999) that led to NPM reforms and the traditional bureaucracy was viewed as self-serving, deceitful and dishonest (Dixon *et al.* 1998).

In the words of one of the Ex-Principal Secretaries, ‘the image of traditional bureaucracy in the state prompted us to try out with professionals on ‘hire and fire’ principles outside civil services code without getting into a long term liability’. Joshi and Ayee (2009) also underline these features as conditions of autonomy that characterised reforms in revenue services in Ghana and Latin America. I see an alignment between the ALAs in Bihar with the changing employment relations that are lopsided towards increasing number of public services staff on contract observed in the literature on NPM (Larbi 1999).

Once the decision on ALAs was made for the three fundamental reasons mentioned above, the follow up action happened really fast. Subsequent to cabinet decision, the state government issued directives vide letter number 12323 dated 3rd November 2006 for recruitment of personnel on contract. In the interviews, the Principal Secretaries emphasised the factors that explain the accelerated action of the state. I label the factors as (1) ease of implementation (2) mammoth backlog of vacancies and (3) political mileage associated with the recruitment. Each one is explained in detail below.

Ease of implementation: Two out of the three Principal Secretaries who headed the Rural development Department acknowledge that MGNREGA was picked up for engaging ALAs due to the ease of implementation associated with it. One of the Principal Secretaries said, ‘the operational guidelines of MGNREGA offered easy avenue for the states to try out the implementation with a cadre of contractually recruited staff with funding coming from the central government and we capitalised on it’.

Mammoth backlog of vacancies: During the regime of Lalu and Rabri, a large number of positions were lying vacant across different departments in Bihar. For instance, Mathew and Moore (2011) cite that the Bihar Administrative Services had 633 vacancies against a sanctioned strength of 2248. Further, in government health system

over 90 per cent of the positions of doctors and 95 per cent of the positions of paramedical staff was vacant. These examples illustrate the level of capacity at which the state was functioning and in my opinion, explain the reasons for poor governance. All the three Principal Secretaries in their interview claimed that the immediate need for the new government was to recruit people and fill in the vacant spaces, if the good governance agenda was to be pushed. The backlog of vacant positions in the state triggered the pace at which the decisions were made in the state including one on ALA implementing MGNREGA.

Political mileage associated with the decision on recruitment of contractual staff: The state recruited 11535 staff⁷ at all levels under MGNREGA. According to one of the Principal Secretaries of the Rural Development Department, for staff strapped Bihar, this recruitment drive also offered high political mileage through job creation. The state took credit for all recruitments without having to pay for it (as the Government of India paid for the cost of staff engaged in implementation of MGNREGA out of earmarked administrative costs). The cost of meeting the administrative expenses was initially fixed at 4 percent of the programme cost but was later increased to 6 per cent in the year 2009⁸.

2.2 How was the decision on ALAs implemented in Bihar?

After the cabinet decision, to ensure that high quality professionals are hired at different levels, the state availed the services of Bihar Combined Entrance Competitive Examination Board (BCECEB). The BCECEB usually conducts the state level medical and engineering entrance tests, but in this case conducted state level entrance test for various advertised positions under MGNREGA⁹. Strict eligibility criteria were set for different advertised positions, such as Masters in Business Administration or Rural Management for the Programme Officers and

⁷ The split of 11535 staff recruited under MGNREGA is: 534 Programme Officers, 846 Panchayat Technical Assistants, 534 Computer Operators, 534 Accountants, 8463 Panchayat Rozgar Sevaks, 34 Executive Engineers, 56 Assistant Engineers and 534 Junior Engineers (Source: letter No. 12323 dated 03.11.2006 of the Rural Development Department, Government of Bihar).

⁸ Minutes of the meeting of the Central Employment Guarantee Council held on 27th March 2009. Available on: http://nrega.nic.in/CEGC/minutes_CEGC_N270309.pdf (Accessed: 3 August 2012).

⁹ The written test was organised in accordance with the letter No. 12323 dated 03.11.2006 of the Rural Development Department, Government of Bihar.

Diploma in Civil Engineering for Junior Engineers. Subsequent to written test and interview, merit list was prepared and candidates were issued offer letters as per their rank in the merit list.

The call for application came out in December 2006 and all the recruits were posted in field locations by September 2007. The whole examination process is known to be fair and this belief prevails across all section of the contractual recruits. Describing the whole process the then Principal Secretary, Rural Development Department mentions, ‘I can share with pride that the whole recruitment process was absolutely fair and I hold my head high in saying that all the recruits were identified solely on their merit’.

Was there any group within the state that was not in favour of the decision on ALAs? Did they create any problem in implementation of the decision? All the three state level officials maintained that there was no opposition to the decision. However, the status at district and sub-district level is not the same. The Deputy Development Commissioners (DDC) of both districts refrained from commenting on the decision. It is possible that they feared being identified or commenting on the decisions of their seniors in the hierarchy.

But the take on the issue by the old Block Development Officers who were promoted as Senior Deputy Collectors at District level in 2010^{10,11} was different. Most of them said that they were never consulted in the process and they were always expected to fall in line when such decisions are taken at the top level. They were of the opinion that engagement of contractual staff has actually weakened the implementation of MGNREGA as the contracted staffs have fewer stakes in proper implementation of the programme. One Senior Deputy Collector said, ‘most of them (the contracted staff) are busy preparing for other full time competitive examinations right from the day they were recruited. It appears that they came in just for time-pass’.

¹⁰ Following recommendations of the Bihar Administrative Reforms Commission headed by the retired Indian Administrative Services (IAS) officer Vijay Shankar Dubey and subsequent amendments in the Bihar Administrative Service Cadre Rules of 1996.

¹¹ Currently the post of BDO is managed by a supervisory rank official.

2.3 Characteristics of ALA in Bihar

The organisational structure represented in the methodology section of this paper, shows that Bihar replaced the traditional bureaucracy that was implementing MGNREGA from block (sub-district) level and below with a set of contractually recruited professionals. This parallels with the three notions of structural disaggregation, autonomisation and contractualisation proposed by Verschuere (2007) and highlighted by Moynihan (2006). I infer that the Bihar model has essence of all the three. It has the single mindedness of pursuit and therefore element of superior performance can be attached to it. Further, the relationship between parent administration (the traditional bureaucracy) and the newly recruited staff is characterised by contractual nature. Though the newly laid organisational structure appears to be quite embedded within the usual bureaucratic architecture and not formally as divorced from the parent as it appears in case of Autonomous Revenue Authorities, it still operates at an arm's length. There exists a distinguishable degree of ALAness in the Bihar's organisational structure that is operated by a set of contractually recruited staff for implementation of MGNREGA.

This chapter suggests commonality in the reasons and expectations that drove NPM reforms elsewhere and in case of Bihar. As observed in different parts of the world, Bihar also endowed autonomy to the newly introduced ALA that I discuss in the subsequent chapter. I also explored coherence and inconsistencies between autonomy on paper and in practice in Bihar during my fieldwork and critically review my findings it in the next chapter.

Chapter 3: Autonomy ‘on paper’ and ‘in practice’

This chapter presents my findings on different types of autonomies granted to the ALA implementing MGNREGA in Bihar and further identifies the factors that affect the autonomy in field. In this chapter, I refer to the three domains of autonomy suggested by Tailercio Jr.’s (2004) – managerial, personnel and financial.

The Rural Development Department, Government of Bihar through its Departmental Order numbered 9669/Gra.Vi.(P)-95/2007 dated 11th October 2007 informed the DMs and the DDCs of all the districts on the powers granted to the contractual staff for their smooth functioning. The letter with subject line ‘Conferring powers to the newly recruited contractual staff for implementation of the National Rural Employment Guarantee Scheme’ (translated from Hindi) contained unambiguously written official directives on bestowment of authority supporting managerial, personal and financial autonomy of the ALA. In the interview, the Ex-Principal Secretary stated that autonomy through the granting of clearly spelled powers was the core agenda, as the contracted staff would have found it difficult to even operate an inch in the absence of such powers. This also embraced the idea of insulating the contracted staff from day to day interactions with the traditional bureaucracy for nuts and bolts issues. However, my fieldwork revealed infringement of the autonomy imparted to the ALAs in practice.

3.1 Autonomy on paper

The letter granting powers to the ALA points towards high expectations of the state government in form of effective implementation of the MGNREGA. Different clauses of the letter support different domains of autonomy that I discuss in detail in the subsequent sub-sections.

3.1.1 Directives reinforcing managerial autonomy

Clause 3 of the letter directs the DMs and the DDCs of the entire district in Bihar to refrain from engaging ALA staff in any duties other than implementation of MGNREGA. The letter uses the phrase ‘under any circumstance’ to emphasize its instruction on freedom of ALA staff from multi-task engagement. The clause also communicates the central government’s condition – ‘the Ministry of Rural Development, Government of India has

clarified that the salaries of the contractual staff will be paid by the Ministry on condition that the staff is solely engaged in implementation of (MG) NREGA'. This clause articulates the state's intention to ensure high degree of managerial autonomy by insulating the contracted staff from the traditional bureaucracy by way of their engagement in works other than the implementation of MGNREGA.

3.1.2 Directives reinforcing professional autonomy

Several clauses of the letter provide powers and resources to the structurally disaggregated structure that bolsters their professional autonomy. Clause 2 of the letter details out the administrative and hierarchical control of the Programme Officer – MGNREGA recruited at the block level. The clause strengthens the position of Programme Officer by making it responsible for administratively controlling all the other contractual staff at block and GP level. The letter directs the PO to manage the attendance register and leave records of all the staff working under him.

Clause 5 of the letter directs the district administration to provide all necessary infrastructure and facilities to the ALA for professionally discharging its duties. First, the state instructs the BDOs to transfer all related files and documents within their possession to the newly appointed Programme Officers within seven days after they resume their office subsequent to their training. The state had organised intensive training programme for all the recruits prior to their posting at different tiers of administrative set up. The training programme covered all aspects of the provisions and processes of the Act along with orientation of the staff on their functions and responsibilities. The same clause further directs the DDCs to ensure that all the assets procured through the contingency fund of the Swarn Jayanti Rozgar Yojana (the public works programme of the Government of India preceding enactment of MGNREGA) be transferred to the newly recruited Programme Officers for use in their office. The clause also instructs that in case the existing assets are not sufficient, the DDCs must ensure that new assets are purchased and transferred to the Programme Officers. The same clause further asks the district administration to provide office space within the

Block Office for the ALA staff and in the event the space is not available in the premises of the Block Office, suitable place on rent be provided to the staff.

Finally, clause 4 of the letter asks the district administration to depute a class IV category employee at block level to provide support and assistance to the ALA team at block level.

These clauses enunciate the objective of the state to provide ALA with all the necessary infrastructure and facilities required for delivery of services of professionally high standards.

3.1.3 Directives reinforcing financial autonomy

The very first clause of the letter authorises the Programme Officer and the Accountant (both part of the ALA) to jointly operate the MGNREGA current accounts at block level. Such a transfer of drawing and disbursing powers to ALA staff meant liberty to use of finance and spending within justifiably restrictive system of checks and balances.

In nutshell, it can be argued that the Government of Bihar made all efforts to issue directives through a departmental order to grant different kinds of autonomy to the ALA as pointed out by Taliercio Jr. (2004) as necessary pre-condition for expecting superior organisational performance. Nevertheless, the situation as assessed on ground uncovers a very different story, a story of violation of the autonomies granted to the contracted staff. The next section elaborates the findings from the field that highlights the cases of infringement.

3.2 Autonomy in practice

My fieldwork reveals that almost all the domains of autonomy were violated in practice in either district. The degree of defiance and inter-district variation was not assessed as it was not within the scope of the study and the idea was not to make comparisons.

3.2.1 Factors affecting managerial autonomy

Based on my field work, I arrive at two factors that affected managerial autonomy of the ALA in both districts – first, engagement of their staff in works other than MGNREG and second, local political interferences.

Engagement of ALA staff in different works

As mentioned earlier, the directives from the state government tried to insulate the ALA staff from being engaged in activities other than implementation of MGNREGA. But in practice, I found that they were engaged in various jobs by the district administration. Several office orders by the district administration support my observations. For instance letter number 176-2/Sa. Su. Ko., *Saharsa* dated 4th July 2012 directed 17 Panchayat Rozgar Sevaks to provide their services at the Pension Scheme Camp for physical verification of documents, photography and registration of eligible persons. Yet another letter number 1731-2 dated 16th June 2012 by the BDO of Saur Bazar block in *Saharsa* directed the PO of the block to depute the PRS at the Special Camp for Indira Awas Yojana. Some staff of the ALA whom I interviewed complained that their engagement in different works adversely affects their performance by causing delay in one or the other responsibility related to MGNREGA.

When the DDCs were asked to comment on such orders that infringe the directives of the state government they said that such deputations are generally done during the lean period when demand for MGNREGA works is less. One of the DDCs highlighted that they are short of staff and it is impossible for them to organise certain programmes without engaging staff from other programmes. However, the ALA staffs have a different view on the subject. Most of them said that such letters are routine '*farmaans*' (orders) and they have no choice than to abide.

Interference by local politicians

Yet another reason prominently expressed by all the sections of ALA staff affecting their managerial autonomy is local political interference. A Programme Officer from *Saharsa* stressed that MGNREGA is regarded as '*kuber ka khazana*' (endless pot of money) and therefore they encounter regular

calls for *chanda* (donation) from the local politicians. ‘Bihar is ruled by JDU (Janta Dal United) and BJP (Bhartiya Janta Party) alliance, therefore each party comes up with demands for financial support from time to time to finance their rallies and public functions. When we oblige it is okay, but when we cannot we are abused. Even local journalists ask for money from time to time as it is quite easy to find faults in the implementation (of MGNREGA) or to provoke the labourers to rally against us. After all we are contractual staff and do not have the kind of protection that is available to the traditional bureaucrats’, said one of the Programme Officers.

A Junior Engineer from *Kaimur* also narrated how he was asked to prepare and provide technical sanction at gunpoint by a *dabaang mukhiya* (a rowdy elected Panchayat leader) and his goons. The Panchayat Rozgar Sevak is the implementing agency for all the *Gram Panchayat* level works under MGNREGA in Bihar. They complain of growing political interference, pressure for manipulating the muster and collaborating with the *mukhiya* for patronage.

3.2.2 Factors affecting personnel autonomy

My interviews in *Saharsa* and *Kaimur* revealed six issues that interfere with personnel autonomy granted to the ALA.

Inadequate infrastructure and facilities

All the Programme Officers whom I interviewed criticised the infrastructure and support facilities available at their disposal. However, I noticed considerable difference in the quality of infrastructure and facilities in the two districts. In *Saharsa* the ALA staff had a spacious office, comparatively reliable internet connectivity and electricity connection through generator that lacked on case of *Kaimur*. I assume this observation supports better performance of *Saharsa*.

In the interviews, ALA staff *Kaimur* alleged that the infrastructure and facilities meant to be provided to them was never transferred in totality. For instance, the ALA staff had to depend on unreliable grid supply as the generator bought from contingency fund of MGNREGA for them was used by the BDO’s office. This adversely affected the data entry process which is crucial for the smooth flow of

funds. Therefore, the ALA staff had to avail services of cyber café operators in the adjoining district towns. Though the staff interviewed presented this as a case where no financial allocation was made for the purpose, the senior district level officials informed that 0.7 per cent of the contingency fund admissible under MGNREGA for the district was earmarked to cover the expenses of data entry. It seems that there exists a low level of awareness among ALA staff on how the contingency costs are spilt.

Stressed interpersonal relationship

The ALA team in *Kaimur* appeared to be rife with internal conflicts in all the locations I visited for my fieldwork. In the beginning, all the Programme Officers tried to refute my observation of internal conflict, but soon they conceded. The Programme Officers mentioned that they were outsiders in the district while their team came from adjoining districts. ‘Our requests or orders are hardly taken seriously. Some of my staff says that you are yourself on contract, so what difference can you bring to my life’. When I enquired on the subject from the staff who came from contiguous districts, one of them said, ‘*PO sahib humesha zila aur yaha ke logon ko gariyate rehte hain aur apna frustration humpe nikalte hain*’ (The PO never accepted that they have to work in this district. They always abuse the district and the local people and we bear the brunt of their frustration). The rift was clearly visible in the team in *Kaimur*. But in *Saharsa* I observed coherence in the team and all the Programme Officers had good command over their subordinates, as most of them came from contiguous districts. *Saharsa* again appears to be in an advantageous position and probably the team spirit observed here helps them perform better than *Kaimur*.

Security threats

All the Programme Officers and Junior Engineers whom I interviewed in both the districts complained of security threats that meddle with their performance. For example they interact with local material suppliers who are powerful and well connected. ‘We have to settle with whatever quality they supply. We cannot ask them questions, even if we know that the material supplied is of poor quality. But accepting low quality material is like *apne hi pair pe kulhadi marna*

(throwing axe on your own feet meaning self-destructive mistake) as when monitoring happens and poor quality materials is found my neck is on the chopping board’, said of the Junior Engineers. One of the Programme Officers said, ‘When the DM and DDC undertake field visits they are accompanied by armed security personnel, but if something happens to us we know no one is going to rescue us’.

Caste dynamics

Caste is yet another factor that also affects the professionalism of the contractual staff. All ALA staff, I interacted with during my fieldwork, at all levels belonging to the Scheduled Caste, Other Backward Class or Extremely Backward Class disclosed on condition of anonymity that it is hard from them to work with *Mukhiyas* belonging to upper caste. They narrated that they sit on a double edged sword, first because of their social status and second for their contractual job that makes them vulnerable to all kinds of neglect and unwarranted pressure for undue advantages. The staff belonging to general category also agreed to the allegations made by their colleagues and therefore the caste factor interfering with personnel autonomy cannot be assessed low.

Demand for undue favours

The administration in both the districts has set up teams under leadership of the Senior Deputy Collectors (erstwhile BDOs) to investigate the quality of implementation and also to conduct social audits. If the team finds any financial embezzlement, instead of departmental enquiry common in normal bureaucracy the district files a police enquiry against all the associated officials. Some ALA staff in *Saharsa* revealed that the Senior Deputy Collectors ask for money. ‘Sometimes they frame us with arbitrary observations, and as there is no opportunity given to us to defend ourselves. We face all sorts of punishments’, said one of the Programme Officers. The DDC of the concerned district contended that if the staff does their job properly and maintain all records no one can threaten them with arbitrary allegations. He further insisted, ‘Police case is lodged only when we are convinced that there exists some degree of misappropriation, either due to act of an individual or through collective

efforts’. Conversely, the ALA staff argued that Senior Deputy Collectors are part of the system, so the DDC will always protect them.

Low levels of motivation

I noticed remarkably low levels of motivation among all the ALA staff I spoke to in both districts. They were concerned about stability of their jobs as most of them had joined the position hoping that in near future the contracted positions will be made permanent. The staff further brought to my notice that there was no system of reward for good performance. This caused further demotivation among good performing staff. One of the POs who enjoy the reputation of meeting maximum persondays against planned and keeps his records updated said, ‘*Kya fark padta hai?*’ (What difference it makes?) One who does not perform and the other who performs finally gets same salary. I have also started becoming complacent as it makes no difference’. The DDCs chose to be silent on the issue by referring it as a state level matter.

Such deficiencies were also noticed by the Working Group on Capacity Building of the Central Employment Guarantee Council which in its Draft Working Group Report (2010, p. 9) observed,

‘We find evidence of growing dissatisfaction of the staff especially those ‘contract staff’ with regard to poor working conditions and arbitrary contract appointment policies of various state governments’.

The working group had recommended the state to formulate a Human Resource Development policy for the structurally disaggregated system, citing the example of Andhra Pradesh. It further mentioned that due to absence of such system one saw ‘open protest marches and rallies of MGNREGA support staff in states like Bihar and Maharashtra, remind(ing) us about the looming crisis in MGRNEGA’ (Draft Working Group Report 2010, p. 23). However, Bihar is yet to formulate such Human Resource Development policy for the contractually recruited staff in MGNREGA.

3.2.3 Factors affecting financial autonomy

I had participated in the district level MGNREGA review meeting in *Saharsa* during my fieldwork where I learnt that there were serious issues with the data

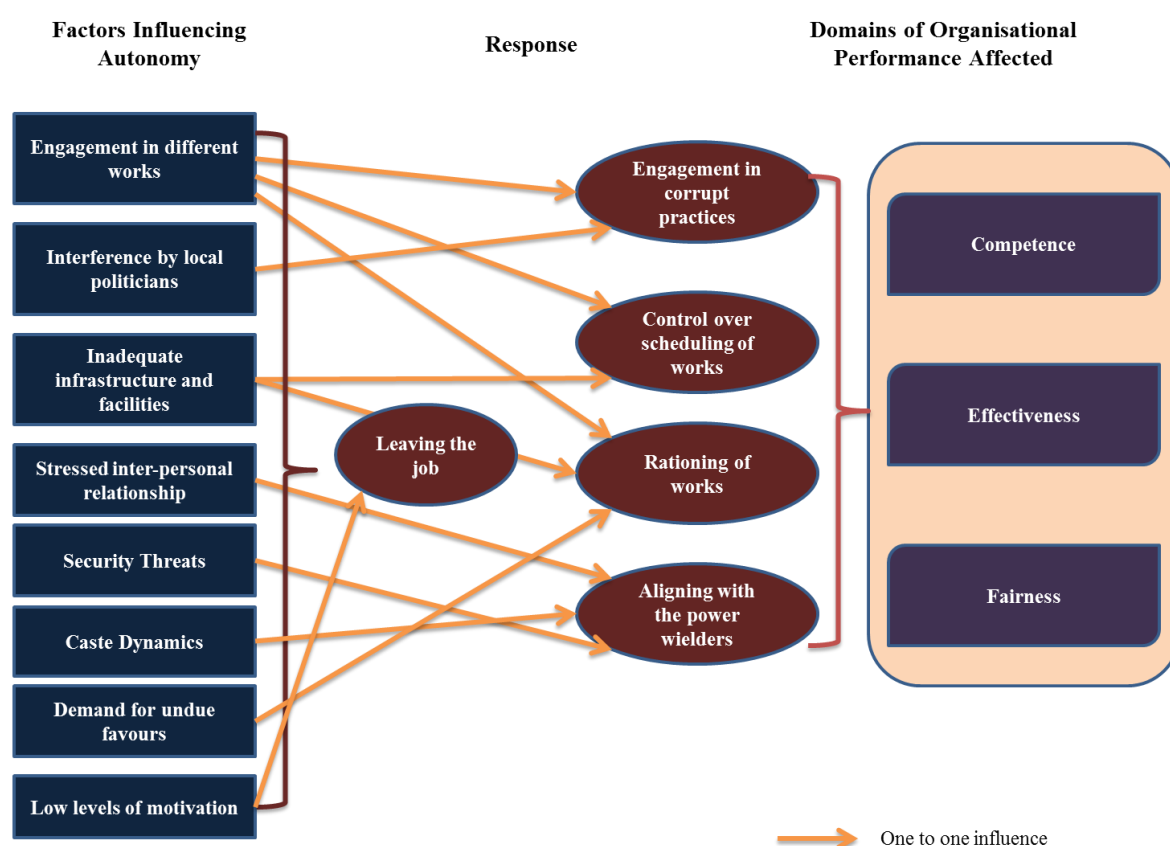
entry. The same problem, I perceived, distressed the staff in *Kaimur*. Both districts had problems of backlog in data entry and untimely submission of mandatory reports that seriously affected flow of funds from the state. Upon my enquiry on the subject, I was told by all the Programme Officers that too much emphasis is laid on reporting in the programme than actual work on ground. They complained that the state government keeps changing the reporting formats keeping them overinvolved in reporting formalities. This notion was also confirmed by one of the DDCs. ‘Thankfully for *tuglagi farmaans*’ (autocratic and erratic orders) from the state and unreliable internet connectivity we can never meet our data entry deadlines’, one of the Programme Officers remarked sarcastically in his interview. All the Programme Officers however did not mention any breach of financial powers assigned to them. One of the accountants in *Kaimur* ironically said, ‘We have the powers to operate the accounts, *par maal bhi to hona chahiye* (but there should be money in the accounts)’. The problem of fund flow in *Kaimur* was observed to be comparatively grave than *Saharsa*. Therefore that staff in *Saharsa* were not paid their salaries for four months whilst in *Kaimur* the staff did not receive their salaries for almost 8 months. This further affected their already low motivation levels.

The above discussion uncovers that the autonomy granted by the state through its departmental order is susceptible to various factors on ground that violates autonomy on paper. The ALA system responds in diverse ways to such factors and therefore the domain of organisational performance is affected in multiple ways. I discuss this in detail in the next chapter.

Chapter 4: Contextual drivers, organisational response and effects on performance

In this chapter I argue that the factors affecting the autonomy of ALAs in Bihar act as contextual drivers to which the staffs respond either individually or collectively. The individual and/or collective response has influence over organizational performance domains which I have categorized into competence, effectiveness and fairness in this paper. At the outset it should be pointed out that in any situation faced with difficulties, staffs have two options—leaving the job or staying and coping (Figure 2).

Figure 2: Interplay of factors influencing autonomy, organisational response and its performance



4.1 Leaving the job

The most common response I found to the factors infringing autonomy of ALA in Bihar is resignation from the job. This is evident through acute staff shortages that I observed in both districts. The table below summarises the available number of staff,

against specified numbers in each position in the two districts. In the year 2007, all these positions were filled, but several staff left the job gradually. As one senior district level official wittily said, ‘They (ALA staff) succumb to work pressures. They are young people with low energy but high aspirations for a permanent *sarkari* (government) position’. When I enquired from the ALA staff about where their ex-colleagues joined, they brought to my knowledge that most of them joined permanent positions in railways, education department and public works department. *‘Itne dabav mein wakai kaam nahi kar sakte. Tankhwaah ka pata nahi, aur contract kab tak chalega bhangwan jane* (It is really difficult to work under so much of pressure. No idea when we will get our salaries and God know until when the contract will last)’, said one of the Panchayat Rozgar Sevak in *Kaimur*.

Table 3: Staff shortages in *Saharsa* and *Kaimur*

Name of Positions	<i>Saharsa</i> (as on 14 August 2012)				<i>Kaimur</i> (as on 14 August 2012)			
	Numbers approved	Actual in place	Deficit	Percentage deficit	Numbers approved	Actual in place	Deficit	Percentage deficit
Executive Engineer	1	0	1	100	1	1	0	0
Assistant Engineer	1	1	0	0	2	1	1	50
Programme Officer	12	7	5	41	11	11	0	0
Junior Engineer	15	5	10	66	15	9	6	40
Panchayat Rozgar Sevak	161	149	12	7	151	121	30	20
Panchayat Technical Assistant	40	25	15	38	30	15	15	50
Computer Operator	10	6	4	40	11	2	9	81
Accountant	10	10	0	0	11	5	6	54
Total	250	203	47	19	232	165	67	29

4.2 Aligning with the power wielders

ALA staff due to various pressures explained below align themselves with powerful groups in order to be able to cope with the demands of the job imposed by the lack of autonomy. Such an alignment spurs out of the discrimination perceived by the ALA staff in both districts on account of either their professional status as contractual staff, or for their low social status implying their caste. Both forms of discrimination invoke a sense of threat to personal security within the organisational structure that is overcome by aligning with the powerful groups. I observed this power nexus at all levels in quite an erratic fashion such as between the Programme Officers and *mukhiya*, Panchayat Rozgar Sevaks and *mukhiya*, Programme Officers and traditional bureaucrats and Junior Engineers and *mukhiya*.

‘When we cannot fight with powerful structures around us, it is much better to work for those structures than to go against them. Frankly, it is a mutually beneficial relationship’, said some Junior Engineers in both districts. Such nexuses affect all the domains of organisational performance – competence, effectiveness and fairness by giving rise to actions that undermine the expectations from the ALA. Further in this chapter, I capture some of the prominent and observable impacts on ALA performance in both locations in Bihar.

4.3 Engagement in corrupt practices

Most of the ALA officials in both the districts admitted being involved in corrupt practices. Apart from personal gains, they attributed this behaviour to political and bureaucratic interferences and delay in salaries. ‘PC’, which means percentage, is a commonly used acronym in *Saharsa* that implies a share of illicitly earned money that flows across different tiers of officials along the hierarchy in the district from each work of MGNREGA that is implemented. One of the Panchayat Rozgar Sevaks in the district brought to my attention that 1 to 1.5 percent of the estimated cost of the work is what he receives as his share from the *mukhiya*, then the Junior Engineer has his own share whenever he is there on the work site for measurements and this chain moves on up the hierarchy.

Most of the Programme Officers who participated in my study agreed that they are regularly obliged by the *mukhiyas*, sometimes in cash and occasionally by fuelling their motorbikes, for being supportive during monitoring visits. 'If at gunpoint they (one of the *mukhiya*'s and his goons) can ask me to sign off wherever they wanted, how can I afford to fight against misappropriations they do. They are also connected to our higher ups and have palm greasing associations. It is better to be supportive and derive benefits,' said one of the Programme Officers from *Kaimur*. On one hand, the ALA officials blame *mukhiyas* and others in traditional bureaucracy for their actions. On the other hand, *Mukhiyas* in both places complained that they regularly encounter demand for PC from the ALA staff. This, in my opinion, is more a case of 'a coalition of convenience' rather than 'a compulsive alliance' as presented by the ALA officials.

Such alliances and, practices significantly affect the quality of works undertaken under MGNREGA. Quite often the quality of material is compromised to squeeze out percentages. This goes against the emphasis on the creation of durable assets embodied in the spirit of the Act. A lot on non-achievement of physical and financial targets in both the districts could be attributed to these competing interests for financial gains. To cover up, I witnessed, the ALA officials often fudge the musters and other records, prepare overestimated financial plans and misguide the beneficiaries of the programme. This takes quite a toll on the competence and effectiveness domains of organisational performance.

4.4 Rationing and control over scheduling of works

As a result of the power nexus and motivation for easy money, the ALA staff regularly support the local politicians and elected panchayat representatives meet their objectives of clientelism and patronage politics. This is usually done through rationing and control over scheduling of works under MGNREGA. The executives favour those rural households who are close to the elected representatives and selectively allow them to participate in MGNREGA works. This is ensured by denying a dated receipt to those households who are to be prevented from participation; surprisingly all Programme Officers and *Mukhiyas* confirmed this practice during the interaction. The dated receipt represents demand being registered and also acts as a basis for claiming unemployment allowance as per the provisions of

the Act in the event job is not provided within 15 days from the date of registering demand. Denial of dated receipt also allows the Panchayat Rozgar Sevaks and the *mukhiya* to open the worksites at their convenience. MGNREGA work in many cases is scheduled during peak agriculture season when most of the poor and needy households are engaged in farm activities. This allows the Panchayat Rozgar Sevaks and the *mukhiya* to further please those who they need to favour. Such non-alignment of works to the seasonal engagement of people was also observed in a previous study in *Kishanganj* and *Kaimur* districts in Bihar (Development Alternatives 2009).

The majority of *mukhiyas* I interviewed in *Kaimur* and *Saharsa* justified rationing due to highly competitive nature of panchayat elections. They opined that if they did not favour those who traditionally voted for them or those from their own caste, they lose out on their chances of re-election. The Programme Officers explain that many times they are caught in complex situations. If the *mukhiya* who lost the elections is more powerful than the elected *mukhiya*, they generally team up with the loser. ‘Anyway the powerful always has a say, hardly matters if they are in power or not’, said one of the Programme Officers from *Kaimur*.

Such events adversely affect the effectiveness and fairness domain of organisational performance. The action of denying work to the poor and the needy undermines the statutory rights of many as embodied in the spirit of the Act. Those who are endowed with the responsibility of addressing the grievances of the participants or intended beneficiaries of the Act are actually the people who are cause of injustice. The Ex-Principal Secretary of Rural Development Department who is now retired observed in his interview, ‘They (ALA) did not live up to expectation. They became corrupt like their counterpart in mainstream services. It pities me. I am aware of the malpractices that are stabbing a high potential programme like MGNREGA’.

The discussion above portrays the response of the ALA staff to different factors affecting autonomy. ALA officials ally with the powerful and the mighty to engage in corruption and fiddle with the spirit of the programme, all weakening the good intentions backing their emergence and the expectations of superior performance attached to their creation.

Chapter 5: Conclusion

Studies seeking answer to efficacy of NPM kind of reforms and autonomous arm's length agencies seem to glorify the performance domain and overemphasise the element of autonomy. In theory, NPM reforms, particularly the creation of ALAs are driven by expectations of superior performance in delivering public services. My research on the ALA in Bihar identifies similarities between the dynamics propelling NPM reforms observed elsewhere in the world and in Bihar such as change in political context, good governance agenda and low confidence on traditional bureaucracy. ALA in Bihar represents a mix of structural disaggregation, autonomisation and contractualisation, though is placed in proximity to the parent administration. They came into existence by cabinet decision and the staffs at all levels were selected through a centralised entrance examination widely acknowledged for being fair and transparent.

The evidence and analysis of information validates that Bihar did pay attention to the significance of autonomy by granting suitable powers and authority to the ALA staff. However, the outcomes did not support the expectations of superior organisational performance. The study reveals dichotomy in 'autonomy on paper' and 'autonomy in practice'. Though ALA was strengthened with managerial, personnel and financial powers, the circumstances in field proved to be defeating them. Factors such as political interference, caste discrimination, corruption and contractual employment status seem to prevail with same potency in today's Bihar as it used to be during the previous regime. These factors, we observed, still condition the influence of limited autonomy on the performance of ALA implementing MGNREGA. The officials find it hard to operate in the midst of complex interplay of a series of circumstances and respond in ways that puts a question mark on their integrity and shakes the expectations from them. For paradoxical reasons of compulsion and convenience they are engaged in patronage politics and work for the powerful groups.

What implications does this study hold for the theory? Despite the variance from the theoretical construct that the outcome suggests, my study does not undermine the significance of autonomy. Instead, it adds on to the understanding that organisational

performance is not an outcome of just autonomy, but rather a combination of other elements that influence both autonomy and performance. Organisational design, including robust internal systems, (e.g. appropriate reporting mechanisms) can play a significant role and also capitalise on the strength of whatever autonomy exists. For instance, the lack of performance benchmarking or a proper reward and incentive system in the case of Bihar impacted performance as much as autonomy. As Joshi and Ayee (2009) argue in the case of autonomous revenue authorities in Ghana, as robust performance was a result of other more nuts and bolts organizational reforms rather than autonomy which was limited in practice.

On future prospects, one pertinent question is whether it is possible to gain full autonomy in practice? In the given context of limited resources, high needs at the local level, low salaries and insecurities that are observed in Bihar, the answer appears to be unclear. The local situation seems quite averse to introduce any quick changes. This, in my opinion, is for two reasons. First, those responsible for enforcing the decision on autonomy are not proactively dealing with the subject. For instance, the senior bureaucrats at the state level, despite being aware of issues like untimely payment of salaries, violation of contract provisions have not yet been able to prioritise the matter for addressal. Second, those in authority to implement the autonomy in practice do not make ensure its execution. We noticed untoward attitude of the district level bureaucracy about the ALA. They often see ALA staff as a group of demotivated individuals who exist as they have nothing better in their hands.

Further, improving the performance of ALA in Bihar also calls for nuts and bolts level reforms. For instance, the study suggests that introducing a system of performance benchmarking with provisions of incentive and standardising reporting formats can enthuse motivation and improve work efficiency of ALA staff. But, the feasibility of such reforms was not tested during the course of the study and therefore, I abstain from calling such suggestions as recommendations.

To sum up, the study reveals that ALAs in Bihar are prone to local factors that infringe their independence and therefore their performance as a whole. Nevertheless, it cannot be concluded with surety that in the absence of violations the ALA might have worked well.

Appendix 1: Rank of all the districts in Bihar, India

Sl. No.	District	Rank in 2008 -09	Rank in 2009-10	Rank in 2010-11	Rank in 2011-12
1	Araria	27	29	35	24
2	Arwal	13	36	20	11
3	Aurangabad	1	11	10	2
4	Banka	25	5	7	7
5	Begusarai	6	19	6	30
6	Bhabhua (Kaimur)	24	36	24	19
7	Bhagalpur	31	17	25	9
8	Bhojpur	8	7	22	3
9	Buxar	15	21	11	6
10	Darbhanga	30	27	23	28
11	E.champaran	29	31	17	13
12	Gaya	14	30	29	35
13	Gopalgunj	35	28	26	14
14	Jamui	10	22	16	23
15	Jehanabad	5	14	2	33
16	Katihar	24	16	34	31
17	Khagaria	33	24	19	25
18	Kishangunj	17	18	31	21
19	Lakhisarai	4	1	3	5
20	Madhepura	7	21	27	26
21	Madhubani	20	27	38	37
22	Munger	3	10	12	32
23	Muzaffarpur	24	2	1	10
24	Nalanda	9	13	4	29
25	Nawada	37	27	18	1
26	Patna	32	3	9	12
27	Purnea	27	33	37	36
28	Rohtas	36	34	14	8
29	Saharsa	1	4	5	14
30	Samastipur	28	37	28	27
31	Saran	38	38	36	38
32	Seikhpura	12	15	32	22
33	Sheohar	16	8	13	15
34	Sitamarhi	18	6	8	18
35	Siwan	34	23	33	34
36	Supaul	21	9	21	16
37	Vaishali	11	12	15	17
38	W.Champaran	19	32	30	20

Appendix 2: Checklist for semi-structured interviews

Instrument 1: State Level Schedule

Objectives

Objective of the tool is to

- ☒ Identify the reasons for introducing arm's length agencies in MGNREGA in Bihar.
- ☒ Understand the mechanism of introducing the reforms
- ☒ Generate understanding on the factors facilitating and hindering the reforms process.
- ☒ Identify the variance in position on above enquiries across different respondents.

Administering the schedule

The schedule will be administered to the Ex-Chief Secretary, Government of Bihar under whose leadership the reform was introduced. The current Principal Secretary, Rural Development Department (PS-RDD) and the previous PS – RDD will also be interviewed.

Key issues

Key questions to be discussed are:

- ☒ Why was structural disaggregation introduced in MGNREGA in Bihar? Was it part of any reforms agenda?
- ☒ How was it introduced? Eg. Cabinet decision, departmental order, circular.
- ☒ What prompted the state government to introduce such reforms?
 - Job creation
 - Good Governance Agenda
 - Pressure from donor agencies
 - Any other reasons
- ☒ Who were the actors against the reforms?
- ☒ How were the hindrances dealt?
- ☒ What was the reaction of senior bureaucrats?
- ☒ Did the reforms encounter any resistance from the lower level bureaucracy?
 - If yes, who were especially against it and how was it dealt?
 - If no, why?
- ☒ What was precisely expected (results) out of the contractual recruits?

- ☒ What measures were taken to empower the contractual recruits to deliver the expected results?
- ☒ What is your perception on the outcome in terms of organizational performance?
 - Has it resulted in superior organizational performance?
 - If yes, why?
 - If no, why?
 - What are the future plans with regard to the structural disaggregation?

Instrument 2: District Level Schedule (District Magistrate and Deputy Development Commissioner)

Objectives

Objective of the tool is to

- ☒ Identify the perception of the senior district level bureaucracy on reasons for introducing arm's length agencies (ALAs) in MGNREGA in Bihar.
- ☒ Understand the measures they have introduced for the ALO staff to deliver high performance.
- ☒ Gauge their perception on the performance of ALAs in the district.

Administering the schedule

The schedule will be administered to the District Magistrates and Deputy Development Commissioners of two districts in Bihar – one consistently well performing district and the other being a poor performing district.

Key issues

Key questions to be discussed are:

- ☒ In your view, why was structural disaggregation introduced in MGNREGA in Bihar?
- ☒ What support systems have you provided for the contractual staff within your reporting line?
- ☒ Have you introduced any system for performance monitoring of the staff? Is there a system of incentive and disincentive that you have considered / are considering?
 - If no, how do you monitor the performance of the staff?
 - If yes, what that system is? How frequent is the process? What actions are taken against the monitoring?

- ☒ What other responsibilities do you generally allocate to the contractual staff apart from MGNREGA implementation?
- ☒ What is your perception on the outcome in terms of organizational performance?
 - Has it resulted in superior organizational performance?
 - If yes, why?
 - If no, why?

Instrument 3: Block Level Schedule I (Block Development Officers)

Objectives

Objective of the tool is to

- ☒ Identify the perception of the community development block (sub-district) level bureaucracy on reasons for introducing arm's length agencies (ALAs) in MGNREGA in Bihar.
- ☒ Understand the relation dynamics between them and the ALO staff
- ☒ Gauge their perception on the performance of ALAs in the block.

Administering the schedule

The schedule will be administered to 2-3 BDOs in the two districts in Bihar – one consistently well performing district and the other being a poor performing district.

Key issues

Key questions to be discussed are:

- ☒ In your view, why was structural disaggregation introduced in MGNREGA in Bihar?
- ☒ How did you manage the transfer of powers and responsibilities to the contractually recruited Programme Officer (PO) – MGNREGA at the block level?
- ☒ What kind of support did you provide during the transition period to the PO - MGNREGA?
- ☒ Do you seek any support from the PO-MGNREGA or any of his/her team members?
 - If yes, what kind of support?
- ☒ What is your perception on the outcome in terms of organizational performance?
 - Has it resulted in superior organizational performance?
 - If yes, why?
 - If no, why?

Instrument 4: Block Level Schedule II (PO MGNREGA and other block level contractual staff)

Objectives

Objective of the tool is to

- ☒ Identify the nature of their interaction with the traditional bureaucracy.
- ☒ Explore their interaction with the local elected representatives
- ☒ Identify the factors that influence their professionalism in positive or negative way. .

Administering the schedule

The schedule will be administered to 2-3 PO-MGNREGA and approximately same number of Junior Engineers/Accountants working under the control of PO-MGNREGA in the two districts in Bihar – one consistently well performing district and the other being a poor performing district.

Key issues

Key questions to be discussed are:

- ☒ Do you have to interact with the BDO?
 - If yes, for what kind of support or reasons?
- ☒ What kind of relationship do you have with the BDO?
- ☒ How often do you interact with the local politicians? What kind of interaction is it?
- ☒ How often do you interact with the DDC or the DM?
- ☒ In case of any problem, who do you approach first and why?
- ☒ In case the issue is not resolved by the first contact, where do you go next for the resolution?
- ☒ How is your inter-personal relationship?
- ☒ Do you encounter any conflict? If, yes, how is it resolved?
- ☒ Do you have enough resources (eg. Mobility, Computers, people etc.) to discharge their duties efficiently?
- ☒ Do you have enough finance at your disposal for delivering the expected services?
- ☒ How smooth is the fund flow?
- ☒ Do you encounter any problem in accessing funds?
 - If yes, how do you manage it?
- ☒ Are you happy with your work?

- If yes, why?
 - If no, why?
- ☒ What should be done in your view to help you deliver your best?

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