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A situational theory of pork-barrel politics: The shifting logic of discretionary allocations in India

Chanchal Kumar Sharma 

ABSTRACT

Despite the extensive literature on distributive politics, there is still a lack of a theory of how political and fiscal institutions interact to shape the pork barreling ability of national leaders in a federal parliamentary democracy. This article examines how the party system types (dominant party versus coalition system) and particular attributes of discretionary grants (providing credit claiming opportunity or facilitating side payments) influence opportunities for pork-barrel politics. This article proposes a situational theory of distributive politics that states that incentives for exclusive targeting of affiliated states in one-party dominant systems drive national ruling parties toward particularism while the shrinking opportunity to indulge in such a policy in multiparty coalition systems creates a universalization effect. The disaggregated analysis of discretionary grants using Indian data for 14 states for the one-party dominant period (1972–89) and the coalition era (1996–2012) confirms the theoretical expectations. Additionally, the exercise brings to the fore the fact that the shift from particularism to universalism occurs for schematic grants that provide credit claiming opportunity. The ad hoc grants that are like side payments remain subject to particularism.

Introduction

The term “pork-barrel politics” refers to instances in which ruling parties channel public money to particular constituencies based on political considerations, at the expense of broader public interests. The pork-barrel disbursements are chosen unilaterally by the central incumbent party and are not subject to any universal equalization formula. Although normative theories of fiscal federalism¹ envision a valuable role for federal grants-in-aid to correct the equity and efficiency distortions, a plethora of empirical literature reveals that the party in power allocates grants not to optimize welfare gains but rather to promote partisan gains and to maximize the prospect of re-election.²

Despite the extensive literature on distributive politics, there is no theory of how party system types and grant types interact to shape the ability of national leaders to play pork barrel politics in a federal parliamentary democracy.

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Furthermore, the literature on the subject in India,³ despite paying nuanced attention to the politics of discretionary grants, makes minimal systematic effort to examine the extent to which party politics and particular attributes of discretionary grants interact to shape the political logic of grant distribution among states.

With an eye toward that void, this article tailors hypotheses drawn from recent theory literature to the Indian context and tests them empirically in two sharply different settings: the dominant party system and the multi-party coalition system. Note the overlap between party systems and government formation (majority versus coalition governments). Indeed, the party system influences the kind of governments that are formed, yet, the key to the “dominant-party style distributive politics” lies not just in forming majority government at the national level but in the control of a vast majority of state legislative assemblies by the party alongside its parliamentary majority.

Using a rich panel dataset on Indian states covering the period between 1972 and 2012, this article proposes a situational theory of distributive politics. This theory states that incentives for the exclusive targeting of affiliated states in dominant party systems drive national ruling parties toward particularism while the shrinking opportunity to indulge in such a policy in multiparty coalition systems creates a universalization effect. The analysis also demonstrates that the pork-barrel politics phenomenon critically depends on and varies with the changing attributes of discretionary grants and their implementations under different contexts of party competition.

The literature on distributive politics provides an initial context for the quest to obtain results distinctive to the two time periods. For instance, supply-side theories of distributive politics, which emphasize the executive’s control over pork-barrel funds, might be more applicable to the dominant party phase in Indian politics when the ruling Congress party had unitary authority over the political agenda. On the other hand, demand-side theories, which emphasize legislative bargaining, might be more applicable to the period between 1996–2014, during which no single party controlled a parliamentary majority, and coalition governments were the norm.

To understand how party system types influence opportunities for pork-barrel politics, useful insights were extracted from the literature on party discipline and applied to understand and compare distributive politics in India in the dominant party era and the coalition era. For instance, the prediction that in political systems characterized by strong party discipline, the national governing party will use its discretion to reward jurisdictions controlled by its party at the expense of those represented by opposition parties (particularism),⁴ might be true for the dominant party phase. In contrast, the prediction that in political systems where party discipline is relatively weak or the government relies on a

coalition of parties for support, discretionary grants will become widely available to all types of jurisdictions (universalism),⁵ might be more applicable to the coalition era in Indian politics.

The novelty of this article lies in the disaggregated analysis of discretionary grants and results distinctive to the two time periods representing two different modes of government formation under two types of party systems. This study shows that during the dominant party period (1972–1989), the ruling Congress party used schematic, as well as ad hoc grants as an instrument of “partisan favoritism.” The objective was to bind both voters and political elites to the party’s cartel via economic patronage.

On the other hand, in the coalition era, in which selective targeting of states ruled by affiliated chief ministers is not possible,⁶ the formateur shifting its attention to co-opting agendas and platforms of regional parties by employing schematic grants exclusively as an instrument of “issue ownership” can be observed. The formateur’s attempt to claim credit for schematic grants, when its party does not govern the majority of states, produces a “universalizing effect” where all types of non-affiliated states get higher grants for welfare schemes, although affiliated states are not deprived of their due share. However, the latter are favored via ad-hoc grants. In other words, the universalization of schematic grants goes hand in hand with particularization of ad-hoc grants in the coalition era.

Broadly speaking, the study demonstrates that the pork-barrel politics phenomenon takes shape in both the context of party politics and particular attributes of discretionary grants.

Discretionary grants as pork-barrel in Indian-style parliamentary federalism: A review of recent contributions

Recent empirical evidence suggests that the national political incumbents in India employ discretionary grants to engage in pork-barrel politics.⁷ Scholars have heavily criticized the discretionary component of grants for providing perverse incentives to the ruling party to link them to electoral considerations. Note that several central government ministries in India provide three types of discretionary transfers to their counterparts in the states—central plan schemes (CPS), centrally sponsored schemes (CSS), and ad hoc grants. The schematic grants (CPS and CSS) are intended to tackle problems of poverty and low human development. These are either wholly funded by the central government (central plan schemes) or require states to share a proportion of the cost (centrally sponsored schemes). Ad hoc grants have no particular motive per se, with neither conditions attached to them nor compulsions to direct them to specific sectors or specific districts. They have the highest element of discretionality and low traceability.

Interestingly, the standard claim of the central government is that schematic transfers (CPS and CSS) “have an inbuilt mechanism for progressiveness since they are directed at filling gaps in the provision of essential services in the most backward areas... Most of the schemes for rural development and poverty alleviation use poverty as a criterion for distribution of funds and therefore people and areas with low-income benefit automatically.”⁸ However, researchers have often found that per-capita income does not contribute significantly to predicting the geographical allocation of discretionary grants and that these transfers are, in fact, so regressive that they offset whatever equalization is achieved by formula-based transfers.⁹

Such a gap between official claims and empirical reality provides a clear motivation for researchers to examine the extent to which the national political incumbents use discretionary grants to reward politically important constituencies, rather than directing them toward the areas of greatest need, thereby compromising social welfare. Many recent contributions have attempted to analyze the impact of political variables on the distribution of discretionary grants in India.

Biswas et al. focus on federal-level lobbying on the part of the regional states.¹⁰ Based on a panel dataset that covers a 29-year period (1974–2002), their findings show that more non-formulaic discretionary federal funds flow to state constituencies from which the central cabinet draws a larger number of ministers. The impact is magnified (by 11 percent) for those states having an alignment with the center. Following this, the authors claim to have found support for the core voting model in pork-barrel politics.

Using Indian data for 14 states from 1974 to 1997, Arulampalam et al. find support for the swing effect, although they also conclude its relevance applies only to the context of aligned states.¹¹ To measure the swing effect, the authors classify legislative and parliamentary constituencies in a state as swing constituencies based on the winning margin: that is, the difference between percentages of the two political parties with the highest number of votes from their constituencies.

Using data for 15 major states in India over the period between 1972 and 1995, Khemani finds that discretionary transfers are targeted to swing states, which are defined as those affiliated states where the ruling party controls a smaller proportion of seats in the national legislature.¹² However, closeness to the 50% mark of districts controlled by the ruling party in the state legislature has no significant effect.

Covering data for all India’s states from 1972 to 2003, Rodden and Wilkinson find support for the core as well as swing hypotheses during the Congress party dominant period (1972–89).¹³ The authors calculate the “swing state” variable as the absolute difference between the ruling party’s seat share in the state and the 50 percent mark. During the coalition era (examined from 1996 to 2003), however, the authors find that the states where MPs belonging to coalition partners and outside supporters are based

gain at the cost of the states that make up the prime minister's partisan support base in the parliament.

In the present study, several critical observations have been added to this nascent literature regarding the use of discretionary grants as "pork." Notably, this article shows, *inter alia*, that incentives for patronage politics in the one-party dominant period drive the ruling party toward particularism while the shrinking opportunity to indulge in such a policy in the coalition era creates a universalization effect.

Dominant-party system versus multi-party coalition system in India: The tectonic shifts

India has, from 1952 to 1989, been one of the leading exemplars of one-party majority governments under dominant party system. The principal feature of this model is that the victorious party holds executive power without having to share it with other parties.¹⁴ As of 1996, however, the government in India is dominated by the coalition model. The underlying assumption here is that a shift to the coalition model in a multilevel context alters the broader context of party competition. It brings with it new methods of pork barreling, which the formateur must invent, given the diminished scope to maneuver itself into a favorable position via selective targeting of its own party ruled states.

Under the dominant party era, this article reviews the period from 1972 to 1989. Scholars of Indian Politics have devoted a vast amount of attention to the Congress Party's dominance under Prime Minister Indira Gandhi. The focus has been on factors such as "the populist transformation of Congress politics,"¹⁵ the Congress party's "patrimonial system,"¹⁶ and the attempt by the party's Central Election Committee "to restructure state legislative elites from above."¹⁷ Upon assuming an overwhelming majority in 1971, Mrs. Gandhi replaced the developmental ideology of the Nehru era with populist programs to purchase political support and build a political cartel.¹⁸ She further encouraged "rent-seeking" behavior to meet the challenge posed by the increase in political competition¹⁹ and used the central government's control over public resources and economic policy making to win electoral support via economic patronage.

Thus, her policy was openly particularistic; the modus operandi of disbursement of discretionary funds for welfare programs was specifically designed to create incentives for local elites to align with the Congress party, even if regional parties were their first preference.²⁰ In fact, Indira's particularistic politics caused the voters to realize that bringing an opposition party to power in their state would not benefit them. Indeed, the distributive politics under Indira Gandhi was intended to cause the opposition parties who formed state governments to fail both to meet popular expectations and

repeat electoral victories. During its dominance, the Congress party did try to take ownership of issues related to social welfare,²¹ but this remained subservient to its patronage politics. Consequently, states controlled by the Congress Party chief ministers were rewarded with more funds, helping them positively impact the economic life of the voters in their jurisdiction. In short, the national ruling party exercised its discretion over public resources to retain supporters, starve opponents, and win the support of undecided voters. This article demonstrates exactly how that was done.

To compare distributive politics during the one-party dominant era with that of the coalition era (under which the period from 1996 to 2012 is studied), the four shifts that occurred during the latter period are highlighted.

The first and the most widely noted change in terms of political bargaining in the coalition era is that new state-based parties have managed to not only form state governments but win enough parliamentary seats to influence national politics.²³ In this period, the national parties seeking to form governing coalitions have had to bargain with state parties. The latter then use their bargaining powers as important coalition partners and outside supporters of the national ruling coalition to pull policy benefits or funds towards their own state constituencies.

Second, the dataset indicates a reversal of how many states shared the prime minister's party affiliation: from 75 percent in the one-party dominant period to 23 percent in the coalition period.²² Thus, it became difficult for the formateur to direct discretionary funds exclusively to the states ruled by chief ministers affiliated with the prime minister's party, simply because there were so few of them.

The third interesting shift having implications for pork-barrel politics is the emergence of two new categories of chief ministers (CMs) and members of parliament (MPs) belonging to the coalition partners' or outside supporters' party, in addition to the two general categories, namely, the PM's party and the opposition party.

Based on the political roles they play, there are four types of CMs and four types of MPs.

- (1) CM and MP sharing the partisan affiliation of the prime minister:
coded as CM_{affil} and MP_{affil}
- (2) CM and MP who belong to coalition partners' parties, that is, who are aligned with the national ruling coalition but not affiliated with the prime minister's party:
coded as CM_{align} and MP_{align}
- (3) CM and MP who belong to outside supporters' parties:
coded as CM_{osp} and MP_{osp}
- (4) CM and MP who belong to opposition parties:
coded as CM_{opp} and MP_{opp}

Finally, the most significant shift in terms of pork barrel politics is that during the coalition era, ad hoc grants emerged as a new instrument (in addition to flagship schemes) through which to realize the formateur party's political objectives. Thus, one change in the coalition era, largely unremarked, is that the share of ad hoc grants in total discretionary grants more than doubled, increasing from 16 percent in the one-party dominant era to 33 percent in the coalition era. To put this change in a proper perspective, it is notable that grants for centrally sponsored schemes increased from 55 percent to 59.6 percent, while grants for central plan schemes declined from 29 percent to 7.4 percent. Thus, in the coalition era, as partisan favoritism becomes tough, if not impossible, the formateur responds creatively to help affiliated states via ad hoc transfers. The formateur not only doubled the percentage share of the ad hoc component in total discretionary disbursements but also biased it heavily in favor of affiliated states.

The logic of discretionary allocations

The objective of this study, as evident from hypotheses developed in the section that follows, is not only to situate this study within the contemporary global literature on pork barrel politics and to replicate previous research on the subject, but also to fill an important lacuna in the literature. The vital oversight that has been addressed in this article relates to the distributive impact of interactions between “party system types” and “grant types” in a multilevel federal setting. This section proposes a situational theory of distributive politics that explains variation in pork barrel politics under two different patterns of government formation within the broader context of party competition.

In the Indian context, there is a consensus that formula based transfers are not amenable to pork barreling as they considerably restrict the ability of the national ruling party to manipulate transfers for political gain. Thus, following the established practice, this study focuses on discretionary grants because, arguably, pork-barrel politics is most easily identifiable in discretionary spending, which can be used for objectives such as strengthening the party's political cartel, ownership of publicly salient issues, and maintaining the cohesiveness of coalitions.

The starting point of the theory is that the nature of the party system interacts with specific attributes of discretionary grants to influence the way the prime minister's party uses its political discretion to make transfers to state governments. The word ‘situational’ implies that the context determines the outcomes of distributive politics. In a federal parliamentary setting, it responds to the nature of government (one-party majority versus multiparty coalition) within the broader context of party system. The question here is whether opportunities exist for the prime minister's party to position itself favorably by indulging in selective targeting of affiliated states. Similarly, distributive politics also varies with the type of discretion offered by a specific instrument of discretion. The question

here is whether it provides the opportunity for credit claiming or the opportunity for making side payments.

The logic based on these interactions (see Figure 1) is a recurrent theme that runs like a golden thread through the entire length of the present statistical analysis. Schematic grants provide the opportunity for claiming credit for welfare spending²⁴ as well as practicing partisan favoritism. Ad-hoc grants, on the other hand, offer unparalleled and exclusive opportunity to divert money to co-partisans. These grants can be given by the central government to state governments without any conditions whatsoever. These are like side payments which state governments can spend as they wish. To test the impact of the incentive for the government attached to each one of the discretionary grants, this article undertakes a disaggregated analysis which is novel to this literature. Furthermore, in order to examine whether the ability of the prime minister's party to manipulate discretionary grants indeed depends on the overarching party system during its incumbency, the predictions have been tested for the dominant party period (1972–89) and the multiparty coalition era (1996–2012).

The qualitative exercise in the present study throws up an interesting, perhaps surprising, and somewhat counterintuitive result for the coalition era. Not only do states governed by coalition partners and outside supporters get a higher share but the most startling part is that even opposition chief ministers receive more schematic grants than affiliated chief ministers. It is this serendipitous finding which has converted this study into a theory-building research. Our analysis demonstrates that when a coalition of parties forms national government, and different parties rule different states—some of which share power at the center (aligned), some provide outside support, and still others sit in opposition—it becomes difficult for the formateur to practice partisan favoritism, especially with regard to the schematic grants.

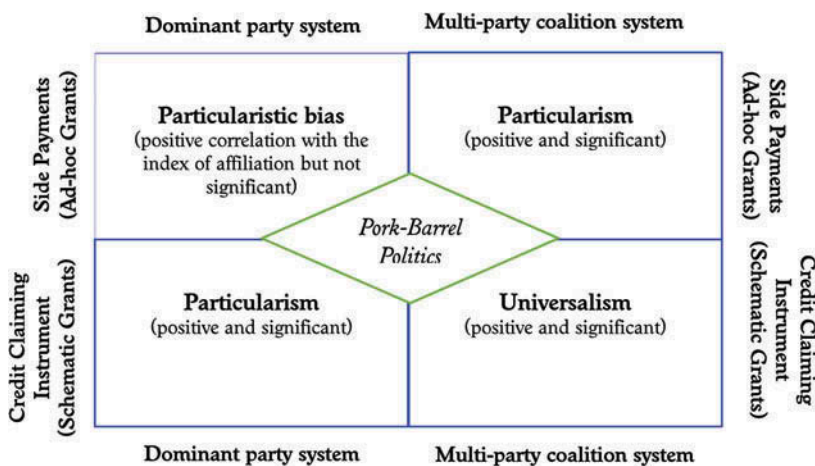


Figure 1. The situational logic of discretionary allocations.

Thus, the formateur ends up universalizing distribution of grants for welfare and development schemes. In this situation, the only way for the prime minister's party to reap electoral dividends is to stake an ownership claim to such progressive schemes. Thus, the strategy of "issue ownership" becomes primary, while particularistic benefits are provided covertly (for instance, via ad-hoc grants which don't attract much public attention). This stands in sharp contrast to the dominant party era which makes systematic exclusion of the other possible and creates incentives for subordinating the strategy of "issue ownership" to the larger strategy of providing particularistic benefits (or politics of patronage).

Hypotheses

The dominant party era

For the one-party dominant period (1972–1989), it is assumed that supply-side models of pork-barrel politics will be more applicable because the national ruling party is expected to distribute benefits to optimize electoral outcomes rather than legislative outcomes. The core-voter model²⁵ predicts that risk-averse political incumbents will deliver redistributions, first and foremost, to their core constituency, resulting in a stable "machine." On the other hand, swing-voter models predict that the contesting parties will target "undecided" voters, because committed voters are likely to support their favored party, no matter what.²⁶ Thus, hypotheses to be tested for this period are:

H_{1a}: Core-state hypothesis: Discretionary grants will vary positively with control of the chief ministership by the prime minister's party; and, within the affiliated states, it will vary positively with the percentage of MPs elected under the prime minister's party designation.

H_{1b}: Swing-state hypothesis: The greater the proportion of opposition MPs in a state governed by the prime minister's party, the more grants this state will receive; and conversely, the higher the percentage of affiliated MPs in a state ruled by the opposition party, the more grants this state will receive.

Cox and McCubbins' universalism within party thesis²⁷ (or particularism thesis), when applied to distributive federal politics in the era of one-party dominance in India, would yield the following prediction:

H_{1c}: Under the one-party dominant system, the prime minister's own party-ruled states (affiliated states) will gain disproportionately at the expense of the opposition party ruled states.

Based on the finding that national politicians pursue disaggregated targeting of individual districts to serve particular political objectives²⁸ it is hypothesized:

H_{1d}: Under the one-party dominant system, discretionary transfers will increase in proportion to the number of districts (parliamentary constituencies) controlled by the MPs belonging to the prime minister's party, irrespective of the partisan affiliation of the chief minister.

The coalition era

For the coalition period (1996–2012), it is assumed that demand-side models of pork-barrel politics will be more applicable because the formateur is expected to distribute benefits to optimize legislative outcomes, such as maintaining cohesiveness and stability of the coalition. The majority-party-legislator hypothesis²⁹ argues that benefits should be targeted to “core groups” within the legislature—that is, the majority party's senior figures. On the other hand, the pivotal-legislator hypothesis³⁰ argues that pivotal legislators are the primary determinants of legislative outcomes. Thus, hypotheses to be tested for this period are:

H_{2a}: *Majority-party-legislator hypothesis*: The greater a state's share of majority-party legislators in parliament (as a percentage of the seats required to form government), the more grants this state will receive.

H_{2b}: *Pivotal-legislator hypothesis*: The greater a state's share of a coalition partner's party legislators in parliament (as a percentage of the seats required to form a government), the more grants this state will receive.

As an essential aid to getting additional insight into federal politics in the coalition period, an investigation into how states controlled by chief ministers belonging to four different categories fare in terms of the allocation of discretionary grants. Deriving a hypothesis from the bargaining theory³¹ literature it can be predicted that:

H_{2c}: States ruled by pivotal partners will obtain the best deals because they can potentially orchestrate the downfall of the coalition government should their demands not be met.

On the other hand, tailoring insights from the formateur-advantage model³² to center-state political interactions it can be predicted that:

H_{2d}: The states ruled by the prime minister's party will see disproportionate gains at the expense of the states governed by the junior partners.

The universalism thesis, when applied to distributive politics in the coalition era,³³ leads to the following prediction:

H_{2e}: Under the coalition government, in addition to affiliated states receiving their due share, states governed by all non-affiliated groups (including coalition partners, outside supporters, and opposition parties) will also benefit from schematic grants.

The disaggregated targeting of individual districts hypothesis would yield the following prediction:

H_{2f}: Under the coalition government, discretionary transfers will increase in proportion to the number of districts (parliamentary constituencies) controlled by MPs belonging to the national ruling coalition, irrespective of the partisanship of the chief minister.

Data and methodology

This study is based on a sample of 14 major states of India, accounting for more than 90 percent of the Indian population. Special-category states were excluded from the sample, as they receive exceptionally generous financial treatment from the Indian government. The small state of Goa, which was upgraded from Union Territory status in 1987, was excluded. In November 2000, the boundaries of the three states of Bihar, Madhya Pradesh (M.P.), and Uttar Pradesh (U.P.) were redrawn, and one new state was carved out of each one of them. As a result, after 2000, population, income, grants, assembly seats, and parliamentary constituencies are calculated for truncated Bihar, M.P., and U.P.

The unit of analysis has two dimensions: cross-section (14 major states) and time-series dimension (17 years of the one-party dominant era, and 17 years of the coalition period).³⁴ Multiple linear regression was utilized to analyze time-series cross-sectional data in the panel procedure. Based on the results of the Hausman specification test, it was decided to use a fixed-effect estimator. Furthermore, depending on the results of the modified Wald (group-wise heteroskedasticity) and Wooldridge (autocorrelation in panel data) tests, White's heteroskedasticity and autocorrelation consistent standard errors were employed.

The general functional form of the models for both periods (one party dominant era and coalition era) can be presented as:

$$Grant_{it} = C_i + \beta_1 Inc_{it} + \beta_3 Soc_{it} + \beta_2 Pol_{it} + Exp_{var_{it}} + \varepsilon_{it} \quad (1)$$

In Equation 1, $Grant_{it}$ is the value of the grant for i_{th} state during the period t ; Inc_{it} is the income level of i_{th} state during the t_{th} period of time; Soc_{it}

represents the social factors of i_{th} state during the t_{th} period of time; Pol_{it} represents the political controls. $Exp_{var_{it}}$ are the key explanatory variables, $\beta_1, \beta_2, \text{ and } \beta_3$ are corresponding coefficients of the given variables, C_i represents the state-specific individual effects, and ε_{it} is the error term.

Dependent variables

The dependent variables include per-capita values of three types of discretionary transfers—central plan schemes, centrally sponsored schemes, and ad hoc grants—and the aggregate sum of all three, expressed as log of per capita.

Explanatory variables

- (a) *Index of Political Affiliation (Dummy)*: the Index of Political Affiliation via a dummy (CM_{affil}) was measured, which takes a value of 1 if the state's chief minister belongs to the prime minister's party and 0 otherwise.
- (b) *Group Dummies for Partisanship of chief ministers (CM)*: there are four groups of chief ministers in the coalition era—CMs belonging to the prime minister's party (CM_{affil}), CMs belonging to the coalition partner's party (CM_{align}), CMs belonging to the outside supporters' party (CM_{osp}), and CMs belonging to the opposition party (CM_{opp}). To prevent multicollinearity, CM_{affil} group was used as the reference group.
- (c) *MPs (as Numerical Variable)*: MPs belonging to the prime minister's party (affil) were calculated, a coalition partner's party (align), and an outside supporters' party (osp) as a percentage of the parliamentary seats allotted to different states and as a percentage of the minimum seats required in a parliament to form government.
- (d) *Group Dummies for CM_MP interaction*: interacting partisanship of CMs and majority MPs were calculated. The partisan identity of MPs from a particular state is based on majority MPs (out of total seats allotted to a particular state) belonging to that party.
- (e) *Swing Variable as Interaction between CM and MPs*: Swing states, amongst co-partisan states, are the ones where the national ruling party controls a smaller proportion of seats allotted to the state in the national legislature. Conversely, swing states, amongst opposition states, are the ones where the national ruling party controls a larger proportion of seats allotted to the state in the national legislature.

Control variables

Note that lagged values of the dependent variable as a control were not included because it is assumed that in equilibrium, the decisions on the transfer of funds

to states (the dependent variable) reflect the political pressures and priorities of the current fiscal year, not last year's. Methodologically also, it has been argued that a lagged variable can artificially dominate the regression, whether it has a great deal of explanatory power, only a little, or none at all.³⁵

Thus, the set of control variables comprises six regressors, which are as follows:

- (a) *The log of per-capita net state domestic product in constant prices (1980–81 rupees)*. The significance of this variable lies in the fact that on the one hand, equity concerns can lead low-income states to receive more grants than richer states; on the contrary, the higher lobbying power³⁶ of high-income states can enable them to get preferential treatment from the central government. This suggests that both effects may interact with each other, leading to progressive distribution, regressive distribution, or no significant impact, depending on the politics of the period.
- (b) *The log of state population residing in rural areas*. As already argued, most of the centrally sponsored schemes focus on the rural sector; therefore, it is expected that more funds would be directed to rural constituencies. Also, various election studies have found that rural constituencies outvote urban constituencies by a significant percentage.³⁷ Thus, pragmatically, the larger the rural population, the higher the number of voters that can be expected to turn out to vote. Central grants may thus be disproportionately skewed toward rurally populous states.
- (c) *Life expectancy*. This variable is considered an important indicator of the quality of life and human development. A small value would point out the low human development capacity of a state government and the consequent need to expand services in social sectors. These concerns can lead states with low life expectancies to receive more grants. On the other hand, a high value would indicate a higher level of education,³⁸ and greater abilities to participate in politics.³⁹ Such factors can lead states with better health indicators to receive preferential treatment.
- (d) *Percentage of voter turnout in the last parliamentary election*. This variable proxies voter consciousness in a state. As already argued, the degree to which the electorate participates in elections and is informed about policies can influence central grant awards.
- (e) *National Election year*: Dummy for the year when a full budget is presented in the context of upcoming national elections. Interim budgets or a vote-on-account are not considered election-year budgets.
- (f) *State Election year*: Dummy for the year when a full budget is presented in the context of an upcoming round of assembly elections. These elections are crucial because victory in assembly elections can strengthen the central government's hold on state politics.

Empirical analysis and discussion

The dominant party era (1972–89)

During this period, the central government used its control over public resources to mete out rewards and punishments. The national ruling party increased disbursement of discretionary funds for rural programs, creating incentives for local elites to align with Congress. Discretionary grants were publicized as gifts from the prime minister to specific population groups such as farmers, scheduled castes, tribes, minorities, workers, and women. The data show that discretionary transfers (e.g., Poverty Targeting Programs) increased dramatically during the sixth plan period (from Rs 6683 Crore in the fifth Five-Year Plan [1974–79] to Rs 16,267 Crore in the sixth Five Year Plan [1980–85]). Furthermore, during this same era, the calculus of fiscal bargaining was relatively straightforward because categories such as coalition partners and outside supporters did not exist. The objective of the Congress party was to direct funds to its dedicated supporters as well as potential/undecided supporters and withhold funds from its core opponents. Thus, the purpose in this section is to illustrate exactly how this was accomplished.

Model (2) for testing hypotheses for the one-party dominant era is proposed as:

$$\begin{aligned} \text{Grant}_{it} = & C_i + \beta_1 \text{Inc}_{it} + \beta_2 \text{Rural}_{pop_{it}} + \beta_3 \text{Life}_{expect_{it}} + \beta_4 \text{Voter}_{turnout_{it}} \\ & + \beta_5 \text{GOI}(\text{Budget})_{LS_{election_{it}}} + \beta_6 \text{GOI}(\text{Budget})_{SA_{election_{it}}} \\ & + \beta_7 \text{CM}_{affil_{it}} + \beta_8 \text{MP}_{affil_{it}} + \beta_9 \text{InteractCM}_{affil} * \text{MP}_{affil_{it}} + \epsilon_{it} \end{aligned} \quad (2)$$

Where:

Inc_{it} is the income level of i_{th} state at the t_{th} period of time

$\text{Rural}_{pop_{it}}$ is the log of rural population of i_{th} state at the t_{th} period of time

$\text{Life}_{expect_{it}}$ is the life expectancy at birth in i_{th} state at the t_{th} period of time

$\text{Voter}_{turnout_{it}}$ is the percentage of voter turnout in i_{th} state in the last parliamentary election

$\text{GOI}(\text{Budget})_{LS_{election_{it}}}$ is the dummy which has a value of 1 if a full budget is presented in the context of an upcoming national (Lok Sabha) elections; 0 otherwise. In tables, it is depicted as Election year (LS).

$\text{GOI}(\text{Budget})_{SA_{election_{it}}}$ is the dummy which has a value of 1 if a full budget is presented in the context of upcoming legislative assembly elections; 0 otherwise. In tables, it is depicted as Election year (LA).

$\text{CM}_{affil_{it}}$ is the dummy which has a value of 1 if the chief minister of i_{th} state during the t_{th} period of time is affiliated to the prime minister's party.

$\text{MP}_{affil_{it}}$ is the percentage of parliamentary seats controlled by the prime minister's party in the i_{th} state during the t_{th} period of time

$\text{CM}_{affil} * \text{MP}_{affil_{it}}$ is an interaction variable which interacts the affiliated chief minister of i_{th} state during the t_{th} period of time with the percentage

of parliamentary seats controlled by the prime minister's party in that state during the same period.

The results for the one-party dominant period, as reported in Table 1, show that states ruled by the affiliated chief minister (CM_{affil}) receive a 44.5 percent higher share of total discretionary grants and a 37.7 percent higher share of centrally sponsored schemes in comparison to the states ruled by the opposition party. This vindicates hypothesis H_{1c} , which states that affiliated states will gain disproportionately at the expense of states ruled by the opposition party.

The impact of the variable of affiliated MPs, as a percentage of the total parliamentary seats allotted to the state, is also positive: every 1 percent increase in affiliated MPs increases the per-capita total discretionary grant by 0.42 percent and the per-capita grants for centrally sponsored schemes by 0.39 percent. This finding proves disaggregated targeting of individual districts hypothesis (H_{1d}).

Finally, distributive politics during the one-party dominant period also displays strong swing effects. With every 1 percent rise in affiliated MPs (out of total seats allotted), states governed by affiliated chief ministers get 0.51 percent less per capita in total discretionary grants and 0.48 percent

Table 1. Per-capita discretionary grants (Log) during the dominant party era.

	Aggregate	CPS	CSS	Ad hoc Grants
	b/t	b/t	b/t	b/t
Per-Capita NSDP	0.161 (0.41)	-0.028 (-0.04)	0.074 (0.15)	1.658* (1.68)
Rural Population	6.431*** (4.98)	5.593** (2.92)	7.174*** (7.77)	2.95 (0.97)
Life Expectancy	0.027 (1.00)	0.047* (1.71)	0.069*** (5.56)	-0.045 (-0.87)
Voter Turnout (%)	1.450** (2.41)	2.404*** (3.90)	0.95 (1.18)	0.646 (0.42)
Election Year (LS)	-0.106*** (-5.13)	-0.207*** (-4.92)	-0.104*** (-4.81)	-0.083 (-1.15)
Election Year (LA)	0.107* (1.83)	0.165* (1.61)	0.143** (2.94)	0.15 (1.32)
CM_{affil} (dummy)	0.445** (2.29)	0.321 (0.84)	0.377*** (3.38)	0.329 (1.01)
MP_{affil} (% of seats allotted)	0.429* (1.74)	0.479 (1.10)	0.386** (2.88)	0.399 (0.75)
$CM_{affil} * MP_{affil}$ (interaction)	-0.492* (-1.90)	-0.555 (-1.03)	-0.487** (-2.53)	-0.439 (-0.92)
Constant	-112.026*** (-6.03)	-99.350*** (-3.60)	-126.950*** (-10.59)	-60.42 (-1.34)
R-sqr	0.812	0.512	0.883	0.13
dfres	13	13	13	13
BIC	204.9	456.7	177.6	595.1

Note: The items in bold are the explanatory variables. Rest are controls.

* $p < 0.10$; ** $p < 0.05$. *** $p < 0.01$.

less per capita in grants for centrally sponsored schemes. This finding implies that among CM_{affil} , states with the opposing party controlling more parliamentary seats will receive more grants. To confirm whether the swing effect is also relevant in the context of opposition states, another model was tested in which the dummy variable was altered from CM_{affil} to CM_{opp} . The results are reported in Table 2. Quite interestingly, opposition-ruled swing states are also favored with more grants. Thus, hypothesis H_{1b} which states that swing states are favored, irrespective of the partisanship of the chief minister, stands proved. Note that when regressions were run, including different indicators of swing in the state assembly elections, none of those predictors were associated with changes in the response variables.

The foregoing analysis proves that during the one-party dominant era, the per-capita distribution of centrally sponsored schemes and total discretionary grants is explained by partisan favoritism, targeting of swing states, and disaggregated targeting of individual districts. This provides interesting information about the politics of pork, but it does not make the exact sequence of preference clear. Thus, the predictive margins of four different categories of states based on CM and MP interactions were calculated.

Table 2. Per-capita discretionary grants (Log) during the dominant party era.

	Aggregate	CPS	CSS	Ad hoc Grants
	b/t	b/t	b/t	b/t
Per-Capita NSDP	0.18 (0.48)	-0.001 (-0.00)	0.106 (0.22)	1.669* (1.71)
Rural Population	6.346*** (5.48)	5.477** (2.98)	7.034*** (8.21)	2.896 (0.99)
Life Expectancy	0.028 (1.06)	0.048* (1.81)	0.070*** (5.91)	-0.045 (-0.88)
Voter Turnout (%)	1.425** (2.36)	2.382*** (3.94)	0.909 (1.10)	0.631 (0.40)
Election Year (LS)	-0.106*** (-5.11)	-0.207*** (-4.90)	-0.104*** (-4.75)	-0.083 (-1.15)
Election Year (LA)	0.107* (1.81)	0.165 (1.59)	0.144** (2.89)	0.15 (1.32)
CM_{opp} (dummy)	-0.405* (-2.15)	-0.273 (-0.91)	-0.312*** (-3.68)	-0.304 (-0.91)
CM_{opp} * MP_{affil} (interaction)	0.438* (1.79)	0.489 (1.12)	0.400*** (3.06)	0.405 (0.79)
Constant	-110.337*** (-6.69)	-97.323*** (-3.62)	-124.522*** (-11.37)	-59.303 (-1.37)
R-sqr	0.812	0.512	0.882	0.13
dfres	13	13	13	13
BIC	199.6	451.5	172.6	589.8

Note: The items in bold are the explanatory variables. Rest are controls.

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

- (1) $CM_{affil} \equiv MP_{affil}$: Core Support—chief minister as well as majority MPs are affiliated.
- (2) $CM_{affil} \neq MP_{opp}$: Affiliated-Swing—chief minister is affiliated, but majority MPs are not.
- (3) $CM_{opp} \neq MP_{affil}$: Opposition-Swing—chief minister is not affiliated, but majority MPs are affiliated
- (4) $CM_{opp} \equiv MP_{opp}$: Core Opponent—chief minister as well as majority MPs belong to opposition.

The linear predictive margins of these groups show (Table 3; Figure 2) that, when aggregate discretionary grants are considered, there is an evidence of partisan favoritism (particularism) with powerful swing effects. The swing states ruled by affiliated chief ministers get top priority, followed by core-support states. When the disaggregated picture is taken into account, the sequence for all types of discretionary grants conforms to the swing-state hypothesis, in which affiliated swing states obtain the top preference followed by opposition-ruled swing states, core support states, and finally core-opposition states, in that order. The figures, aggregate or disaggregate, show a clear evidence of discrimination against the non-affiliated non-swing group of states.

Table 3. Percentage differences in payoffs of different categories of states based on linear predictive margins: The dominant party period.

Type of State	Linear Predictive margins	% diff.	% diff.	% diff.	% diff.
		w.r.t. Core Opposition	w.r.t. Opposition-Swing	w.r.t. Affiliated-Swing	w.r.t. Core Support
Aggregate Discretionary Grants (100%)					
Core-Support	2.886016	28.73%	7.53%	-8.60%	0.00%
Affiliated-Swing	2.97599	40.85%	17.65%	0.00%	9.41%
Opposition-Swing	2.813421	19.72%	0.00%	-15.00%	-7.00%
Core-Opposition	2.633475	0.00%	-16.47%	-29.00%	-22.32%
Central Plan Schemes (29%)					
Core-Support	1.459819	1.87%	-7.52%	-17.57%	0.00%
Affiliated-Swing	1.65298	23.58%	12.18%	0.00%	21.31%
Opposition-Swing	1.538011	10.16%	0.00%	-10.86%	8.13%
Core-Opposition	1.441243	0.00%	-9.22%	-19.08%	-1.84%
Centrally Sponsored Schemes (55%)					
Core-Support	2.204752	34.23%	-2.70%	-12.51%	0.00%
Affiliated-Swing	2.338388	53.42%	11.21%	0.00%	14.30%
Opposition-Swing	2.232164	37.96%	0.00%	-10.08%	2.78%
Core = Opposition	1.910352	0.00%	-27.52%	-34.82%	-25.50%
Ad hoc Grants (16%)					
Core-Support	0.827366	2.91%	-8.44%	-9.99%	0.00%
Affiliated-Swing	0.932561	14.33%	1.71%	0.00%	11.09%
Opposition-Swing	0.915595	12.41%	0.00%	-1.68%	9.22%
Core-Opposition	0.798652	0.00%	-11.04%	-12.53%	-2.83%

Note: Margins are significant at 95 percent confidence intervals. 0.00% means reference group. Percentage differences have been derived from linear predictive margins.

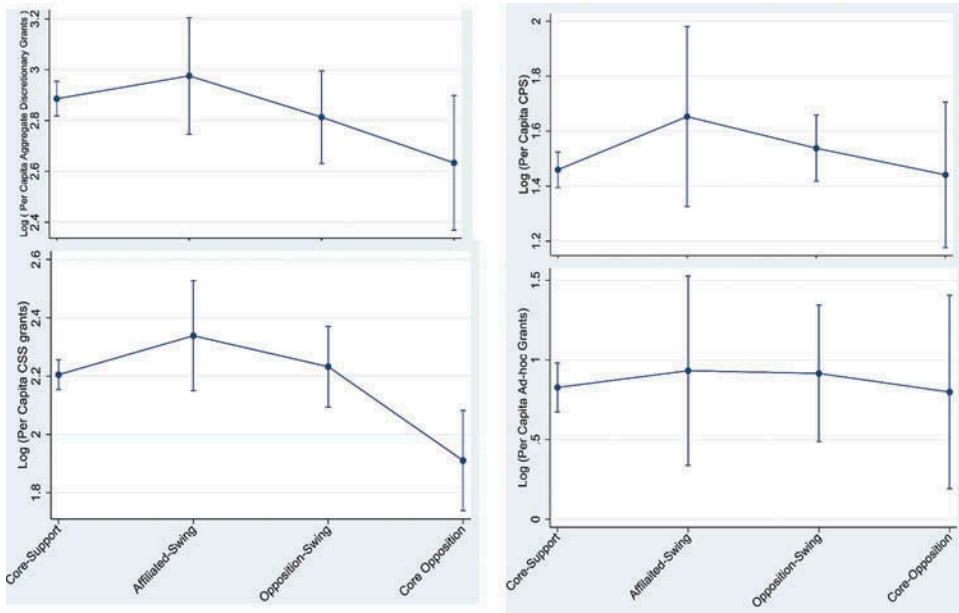


Figure 2. Predictive margins of CM -MP interactions 95 percent CIs: The dominant party era (1972–89).

This analysis provides a fascinating insight into the spending priorities of the central government in the dominant party era: The Congress government focused on investing in states where support was neither too high nor too low, while at the same time not neglecting the states where it had more stable patterns of support. Core-opponent states, however, are the clear losers in all the models.

The coalition era (1996–2012)

The model specification for this period is identical to the one used for the dominant party period, with the only difference that two new categories of CMs and MPs as explanatory variables were added. The independent variables (as dummies, continuous variables, or interaction terms) are designed to test the hypotheses formulated for this period. During the coalition era (shown in Table 4), states ruled by a chief minister belonging to the prime minister's party receives 21.4 percent more aggregate discretionary grants per capita than non-affiliated states. This finding makes us curious to more precisely test the relative impact of four different categories of chief ministers on the distribution of discretionary grants. Thus, in Table 5 regressions were run with CM_{affil} as a reference group. The results confirm that all other

Table 4. Per-capita discretionary grants (Log) during the coalition era.

	Aggregate	CPS	CSS	Ad hoc Grants
	b/t	b/t	b/t	b/t
Per-Capita NSDP	0.056 (0.50)	0.252 (0.93)	0.22 (1.65)	-0.133 (-0.29)
Rural Population	1.068 (1.30)	-0.479 (-0.44)	0.435 (0.53)	3.554** (2.29)
Life Expectancy	0.252*** (8.71)	0.118** (2.77)	0.236*** (8.65)	0.228** (2.23)
Voter Turnout (%)	0.003 (0.55)	0.007 (0.52)	0.007 (1.17)	0.019 (0.98)
Election Year (LS)	0.023 (0.49)	-0.017 (-0.41)	-0.003 (-0.21)	-0.038 (-0.36)
Election Year (LA)	0.089*** (3.17)	0.024 (0.36)	0.048 (1.46)	0.367*** (3.32)
CM_{affil} dummy	0.214* (1.85)	-0.015 (-0.09)	-0.042 (-0.59)	0.837** (2.18)
MP_{affil}(%of272)	0.001 (0.07)	-0.033 (-1.56)	-0.007 (-0.55)	-0.072 (-1.00)
MP_{align}(%of272)	0.015 (0.70)	0.035** (2.63)	0.028* (1.69)	0.036 (0.48)
MP_{osp}(%of272)	0.031** (2.89)	0.009 (0.61)	0.013 (0.91)	0.03 (0.76)
Constant	-31.125** (-2.21)	0.294 (0.02)	-20.913 (-1.55)	-74.258** (-2.69)
R-sqr	0.659	0.256	0.843	0.234
dfres	13	13	13	13
BIC	332.7	471.9	92.3	795.6

Note: The items in bold are the explanatory variables. Rest are controls.

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

categories obtain fewer per-capita aggregate discretionary grants when compared with the affiliated chief ministers.

In the first instance, this would seem to confirm the formateur advantage hypothesis (H_{2d}). But this aggregate picture hides as much, perhaps more, than it reveals. There have, after all, been dramatic differences in the attributes of the different types of discretionary grants. For this reason, the dynamics of distributive politics were investigated by splitting the discretionary grants into its three components.

In opposition to the aggregate results, schematic grants show a positive and significant coefficient in states ruled by coalition partners, outside supporters, and even opposition parties. The regression Table 5 shows that states governed by coalition partners (aligned states), outside supporters, and even opposition parties get 22%, 26%, and 16% higher grants, respectively, for Centrally Sponsored Schemes, in comparison to the Prime Minister's party-ruled states (affiliated states). Thus, the gains regarding the two types of schematic grants follow a logic which needs explanation.

The results demonstrate that the formateur during the coalition era focuses on claiming credit for implementing welfare schemes in the states ruled by the non-affiliated political parties. By employing schematic grants

Table 5. Per-capita discretionary grants (Log) during the coalition era.

	Aggregate	CPS	CSS	Ad hoc Grants
	b/t	b/t	b/t	b/t
Per-Capita NSDP	0.076 (0.73)	0.41 (1.27)	0.283* (2.09)	-0.118 (-0.37)
Rural Population	1.15 (1.43)	-0.203 (-0.17)	0.538 (0.62)	3.462** (2.23)
Life Expectancy	0.242*** (8.52)	0.086* (1.62)	0.223*** (7.00)	0.215*** (3.06)
Voter Turnout (%)	-0.161 (-0.31)	0.36 (0.28)	0.549 (0.87)	1.155 (0.56)
Election Year (LS)	0.022 (0.53)	-0.012 (-0.32)	0.001 (0.10)	-0.017 (-0.19)
Election Year (LA)	0.087** (2.92)	0.024 (0.36)	0.044 (1.26)	0.309** (2.75)
CM_{affil}referencegroup	0(.)	0(.)	0(.)	0(.)
CM_{align}	-0.493* (-1.66)	0.472*** (3.08)	0.227** (2.29)	-0.524 (-1.04)
CM_{opp}	-0.286* (-1.95)	0.359** (2.88)	0.165** (2.45)	-1.081** (-2.42)
CM_{osp}	-0.259 (-1.26)	0.611** (2.76)	0.268* (1.94)	-0.765* (-1.75)
MP_{rulingcoalition%of272}	2.170** (2.19)	-0.777 (-0.56)	0.622 (0.61)	-1.624 (-0.35)
CM_{affil} * MP_{affil%of272}(interaction)	-2.623 (-1.50)	4.696* (1.75)	1.557* (1.77)	-6.349* (-1.83)
Constant	-31.499** (-2.29)	-3.95 (-0.19)	-22.459 (-1.58)	-70.502** (-2.52)
R-sqr	0.662	0.256	0.841	0.234
dfres	13	13	13	13
BIC	335.8	477.3	100.6	801.1

Note: The items in bold are the explanatory variables. Rest are controls.

* p < 0.10; ** p < 0.05; *** p < 0.01.

exclusively as an instrument of “issue ownership,” the formateur actually tries to co-opt agendas and platforms of regional parties, particularly when these parties control most of the state governments. Thus, the government widely advertises its public and social welfare programs and make sure that voters in each state understand that the credit for these policies goes to the central government. Various flagship schemes are announced and implemented in such a way that no party except the prime minister’s party could claim the credit. Therefore, it makes sense to channel more funds for flagship programs to non-affiliated states—not so much to help or strengthen them but to register a significant credibility gain for itself in those states by drawing the attention of state voters to the central government’s initiatives. By managing the flagship programs well, the central government hopes to contain the rising influence of regional leaders and state parties.

This story becomes complete and intelligible when one considers that during the coalition era, where non-affiliated parties rule the majority of states, grants for welfare schemes could not be exclusively diverted to the states ruled by the affiliated chief ministers. As a result, in contrast to the dominant party era, the ad hoc grants have come to be used heavily as an instrument to placate own party chief ministers: so much so that, despite the fact that schematic grants show no significant correlation with the index of political affiliation, the overall impact of affiliation index on total discretionary grants is positive and significant. In a nutshell, affiliated states continue to receive such respectable level of schematic grants so that when they are combined with ad hoc grants—a higher proportion of which (83.7 percent) tend to be channeled to these states—the net result, in terms of aggregate grants, is highly favorable to this category of states (21.4% higher than non-affiliated groups).

From the combined results of regressions in [Tables 4](#) and [5](#), it is clear that schematic grants are widely available to all kinds of states and there is no evidence of discrimination against the non-affiliated group of states. In this finding lies the evidence of universalization of schematic grants in the coalition era. However, this ostensible universalization is a product not of cooperation between the diverse groups of parties, but rather of the well-considered political calculation of the formateur where it combines selective universalization of certain welfare schemes with particularization of ad hoc grants.

The results reported in [Table 4](#) clearly show that MPs belonging to the outside supporters' party extract 3.1 percent more per capita in total discretionary grants for every 1 percent rise in their number, as a percentage of the magic number (272) in parliament. However, the disaggregate analysis shows that MPs belonging to the coalition partners receive a higher proportion of both types of schematic grants (that is CPS and CSS): 3.5 percent and 2.8 percent, respectively, for every 1 percent rise in their number. This finding validates the “pivotal legislator” hypothesis (H_{2b}): the formateur tries to target schematic grants to states contributing pivotal MPs to the governing coalition, to the detriment of the affiliated MPs for which a negative bias is conspicuous (albeit not statistically significant). Regression analyses with MP_{affil} and $MP_{\text{affil+align}}$ (as a percentage of total parliamentary seats allotted to a state) were run, but no significant impact on the distribution of any type of discretionary grant was found. Thus, no evidence was found to support the disaggregated targeting of individual districts hypothesis (H_{2f}) in the coalition era.

Although this study presents a sophisticated calculus of various political motivations, in order to offer even more nuanced and candid pictures of the entire phenomenon of pork-barrel politics, the predictive margins of six different categories of states based on CM and MP interactions were calculated. Note that the

status of “majority MPs” in a state is determined based on the percentage of parliamentary seats occupied by various parties out of the total seats allotted to that state.

- (1) $CM_{affil} \equiv MP_{affil+align}$; Affiliated: Chief minister is affiliated, and majority MPs are part of the ruling national coalition.
- (2) $CM_{affil} \neq MP_{opp}$; Affiliated-Swing: Chief minister is affiliated, but majority MPs belong to the opposition party.
- (3) $CM_{align} \equiv MP_{affil+align}$; Aligned: Chief minister is aligned, and majority MPs are part of the ruling national coalition.
- (4) $CM_{opp} \neq MP_{affil+align}$; Opposition-Swing: Chief minister belongs to the opposition, and majority MPs are part of the ruling national coalition.
- (5) $CM_{opp} \neq MP_{opp}$; Opposition: Chief minister, as well as majority MPs, belong to the opposition
- (6) $CM_{osp} \equiv MP_{osp}$; Outside Supporter: Chief minister, as well as majority MPs, belong to outside supporters’ parties

The linear predictive margins (LPM) of these groups, as shown in [Table 6](#) and [Figure 3](#), corroborate the findings that the states controlled by coalition partners, outside supporters, and opposition parties get a better deal in terms of schematic grants when compared to affiliated states. The motivation, as already discussed, is to boost the formateur party’s image in non-affiliated states. By drawing voters’ attention to the central government’s initiatives, the formateur attempted to capture ownership of key issues.

Although affiliated states lose out in terms of schematic grants, in aggregate terms they do not. As [Table 6](#) shows, affiliated-swing states get top priority, followed by core-support states.

In the remarkably complex political setting during the coalition era, a highly sophisticated form of targeting can be observed, as the prime minister’s party struggled to retain the goodwill of its coalition partners and outside supporters while at the same time not improving those same partners’ goodwill in states they rule. **The overall portrayal of pork-barrel politics, in this period, is that the prime minister’s party focused on using widely advertised and cleverly named schematic grants to create goodwill for its party in states ruled by coalition partners, outside supporters, and opposition parties. The nomenclature of these grants is designed to convey the real benefactor—none other than the prime minister, in most cases.** The formateur also attempts to employ subtle instruments to channel discretionary funds to chief ministers sharing its party affiliation. Thus, even though affiliated states lose out individually in terms of schematic grants, ad hoc grants are so biased in favor of affiliated states that, in aggregate terms, these states emerge as the top beneficiaries.

Table 6. Percentage differences in payoffs of different categories of states based on LPM: The coalition era.

Type of State	Aggregate (100%)		CPS (7.4%)		CSS (59.6%)		Ad-hoc (33%)	
	LPM	% diff.	LPM	% diff.	LPM	% diff.	LPM	% diff.
Affiliated	5.288087	0.00%	2.229817	0.00%	4.689138	0.00%	3.638305	0.00%
Affiliated-Swing	5.480466	21.21%	1.958452	-23.77%	4.722984	3.44%	4.063515	52.99%
Aligned	5.041436	-21.86%	2.477508	28.11%	4.89758	23.18%	3.765709	13.59%
Opposition-Swing	5.271793	-1.62%	2.27822	4.96%	4.823483	14.38%	3.108066	-41.15%
Opposition	5.152301	-12.70%	2.334818	11.07%	4.791506	10.78%	3.164808	-37.72%
Outside Supporter	5.229952	-5.65%	2.380221	16.23%	4.825849	14.65%	3.382289	-22.59%

Note: CPS: Central Plan Schemes; CSS: Centrally Sponsored Schemes; LPM: Linear Predictive Margins; Percentage differences have been calculated with respect to the affiliated states (the states ruled by the chief ministers sharing the prime minister's party affiliation).

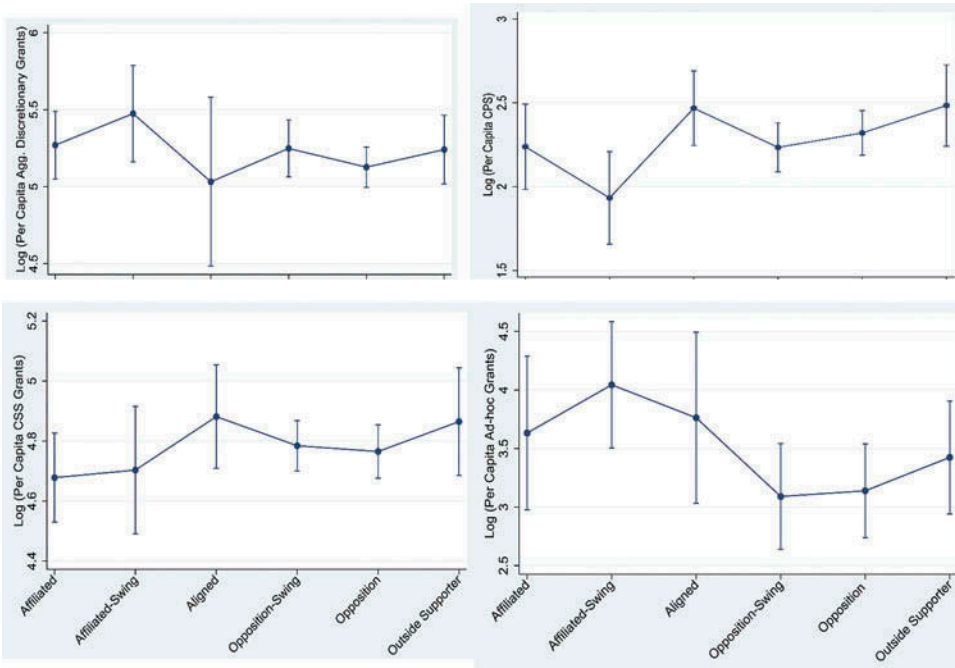


Figure 3. Predictive margins of CM -MP interactions 95 percent CIs: Coalition era (1996–2012).

Conclusion

The analysis throughout this article shows that there are no universal laws of distributive fiscal politics; it always responds to the nature of party politics during a given period. It also varies with the particular instrument of discretion being used. All discretionary funds are not alike; hence, the incentive for the government attached to each one of them varies. Indeed, the different types of discretionary grants have different roles in terms of the political uses they can be put to by the union government. However, a common thread running through this variable phenomenon has been an emphasis on political considerations of national incumbents which evidently hold sway over true fiscal needs of various states.

During the dominant party era (1972–1989), centrally sponsored schemes were the most popular instruments, with the dominant party rewarding its own ruled states and punishing opposition-ruled states. At the same time, it rewarded swing states irrespective of the chief minister's party affiliation, although the grant allocation was significantly higher when the swing effect appeared in the context of affiliated states.

In the coalition era (1996–2012), as center-state political interactions became increasingly composed of a mix of chief ministers of four types

(affiliated, aligned, outside supporter, and opposition) at the state level and a similar mix of four types of MPs in the Lok Sabha, the PM's party has dealt with two realities: a shrinking amount of influence and, by the same token, a shrinking opportunity to position itself favorably by indulging in particularistic politics, that is, exclusive targeting of affiliated states. However, one new feature of the coalition politics in India that has afforded the prime minister's party "wiggle room" of sorts is the coalition partners' desire for stability because they still need to enjoy the privileges of government as much as the prime minister's party members do.

Given the incentives for these players to participate out of rational self-interest, the formateur shifts its attention to co-opting both agendas and platforms. The idea appears to be to render regional parties powerless so that, in effect, the electorate is devoid of any real choice besides what the majority party leaders put forth. This guiding principle for grant distribution leads to an overarching situation in which coalition partners, outside supporters, and even opposition parties get better treatment by the center's welfare schemes than the prime minister's party-ruled states. The latter, however, are favored via ad hoc grants—while at the same time not forfeiting schematic grants—which gives them overwhelmingly favorable results in the end.

The frame-breaking insights based on the case of India have led me to induct a novel, testable, and empirically valid situational theory of distributive politics which goes beyond the core-swing dichotomy and helps us predict particularization or universalization of certain types of discretionary grants based on our knowledge about the overarching party system prevailing in a federal parliamentary setting. The significant question this study has answered is—how do the overarching patterns of interaction between the parties (under dominant party systems versus multi-party coalition systems) and particular attributes of discretionary grants collectively structure the incentives of the Prime Minister's party for playing pork-barrel politics?

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Notes

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6. Excluding non-affiliated parties (i.e., parties that do not share the Prime Minister’s party affiliation) from distributive resources is neither possible nor desirable during the coalition period, because most of the states are controlled by non-affiliated Chief Ministers and a substantial percentage of seats in national legislature are held by non-affiliated Members of Parliament (MPs).
7. Out of the three major channels through which the center transfers funds to state governments, specific-purpose transfers by central government ministries to their counterparts in the states, being non-formulaic, are potentially the most powerful instruments of distributive politics. On the other hand, tax devolution and grants by the Finance Commission’s quinquennial award and the Gadgil formula Grants by the erstwhile Planning Commission, replaced with NITI (National Institution for Transforming India) on January, 1, 2015, are free from political interference.
8. Planning Commission, Government of India, *Eleventh Five Year Plan (2007–2012) Inclusive Growth* (Vol.1) (New Delhi, Oxford University Press, 2008).

9. Pinaki Chakraborty, *Unequal Fiscal Capacities Across India States* (New Delhi, India: National Institute of Public Finance and Policy, 2003).
10. Biswas, Marjit, and Marimoutou, "Fiscal Federalism, State Lobbying."
11. Arulampalam, Dasgupta, Dhillon, and Dutta, "Electoral Goals."
12. Khemani, "Partisan Politics."
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14. Arend Lijphart, *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries* (New Haven, CT: Yale University Press, 1999).
15. Stanley Kochanek, "Mrs. Gandhi's Pyramid: The New Congress," in *Indira Gandhi's India: A Political System Reappraisal*, edited by Henry C. Hart (Boulder, CO: Westview, 1976), 93–124.
16. Bhagwan Das Dua, "Federalism or Patrimonialism: The Making and Unmaking of Chief Ministers in India," *Asian Survey* 25, no. 8 (1985): 793–804.
17. Sudipta Kaviraj, "Indira Gandhi and Indian Politics," *Economic and Political Weekly* 21, no. 38/39 (1986): 1697–708.
18. In the words of Partha Chatterjee, "Whereas the older Congress with its loose consensual structure, also relied on a populist ideology, the populism of Indira was far more centralized, statist and focused on a single leader." Partha Chatterjee, "Introduction: A Political History of Independent India," *State and Politics in India*, edited by Partha Chatterjee (New Delhi, India: Oxford University Press, 1997), 23.
19. Pradeep Chhibber provides empirical evidence that central loans, food assistance, and subsidies to the states were all linked to electoral considerations. Pradeep Chhibber, "Political Parties, Electoral Competition, Government Expenditures and Economic Reform in India," *The Journal of Development Studies* 32, no. 1 (1995): 74–96.
20. Paul R. Brass, *The Politics of India since Independence* (New York, NY: Cambridge University Press, 1994).
21. PM Indira announced all of the progressive policies as her own brainchild. She appealed directly to the voters to vote in her name and turned the elections into "populist referendums."
22. The percentages have been calculated based on the dataset which includes 14 major states only. However, this is indicative of a general trend in the coalition period. As of October 2016, only 9 out of 29 states are governed by the ruling BJP or its allies.
23. Schakel and Swenden demonstrate that split-ticket or dual voting between national and state elections significantly declined between 1996 and 2009, underscoring the fact that many voters who opted for state-based parties in state elections continued to opt for those parties in national elections. Arjan H. Schakel and Wilfried Swenden, Rethinking Party System Nationalization in India (1952–2014)," *Government and Opposition*, (accessed January 01, 2016), DOI: [10.1017/gov.2015.42](https://doi.org/10.1017/gov.2015.42).
24. The potential for credit claiming (or issue ownership) is harnessed by the ruling party by such means as advertising the schemes in various media as the initiatives of the prime minister's party or even naming them after a prominent leader of the party. Note that naming of welfare schemes is a contentious issue in India. **A vast majority of central government projects and schemes are named after the Gandhi-Nehru family. Now, the BJP government is launching new schemes that bore the names of the icons of its party. The BJP government has also removed the names of the congress party leaders from certain schemes. For instance, it has renamed Indira Awas Yojana (Housing scheme), active since 1995, as Pradhan Mantri Awas Yojana.**
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26. Assar Lindbeck and Jörgen W. Weibull, "Balanced-Budget Redistribution as the Outcome of Political Competition," *Public Choice* 52, no. 3 (1987): 273–97; Avinash Dixit and John Londregan, "Fiscal Federalism and Redistributive Politics," *Journal of Public Economics* 68, no. 2 (1998): 153–90.
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28. James M. Snyder, "Election Goals and the Allocation of Campaign Resources," *Econometrica* 57, no. 3 (1989): 637–60; Norbert R. Schady, "The Political Economy of Expenditures by the Peruvian Social Fund (FONCODES), 1991–1995," *American Political Science Review* 94, no. 2 (2000): 289–304; Anne Case, "Election Goals and Income Redistribution: Recent Evidence from Albania," *European Economic Review* 45, no. 3 (2001): 405–23.
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30. William A. Gamson, "A Theory of Coalition Formation," *American Sociological Review* 26, no. 3 (1961): 373–82; Norman Schofield, "The Kernel and Payoffs in European Government Coalitions," *Public Choice* 26, no. 1 (1976): 29–49.
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32. Baron and Ferejohn, "Bargaining in Legislatures."
33. Weingast, Shepsle, and Johnsen, "The Political Economy of Benefits and Costs."
34. The years 1991 to 1995 showed similarities to the single-party government in many ways, but also showed similarities to a coalition government in terms of political bargaining. Following Rodden and Wilkinson, these years were excluded.
35. See Christopher Achen, "Why Lagged Dependent Variables Can Suppress the Explanatory Power of the Dependent Variables" (paper presented at the American Political Science Association meeting, UCLA, San Francisco, CA, July 20–22, 2000).
36. Chakraborty, *Unequal Fiscal Capacities*.
37. Yogendra Yadav and Suhas Palshikar, "Principal State Level Contests and Derivative National Choices, Electoral Trends in 2004–09," *Economic and Political Weekly* 44, no. 6 (2009): 55–62.
38. Tom S. Vogl, "Education and Health in Developing Economies," in *Encyclopedia of Health Economics* (1st Edition) (New York, NY, Elsevier, 2014), 246–249.
39. Rebecca Weitz-Shapiro and Matthew S. Winters, "Political Participation and Quality of Life" (IDB Working Paper No. 638, Washington, DC, Inter-American Development Bank, 2008).