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A Situational Theory of Pork-Barrel Politics: The Shifting Logic of Discretionary Allocations in India

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Abstract

Despite the extensive literature on distributive politics, we still lack a theory of how political and fiscal institutions interact to shape the pork-barrelling ability of national leaders in a federal parliamentary democracy. Focusing on party system attributes and governmental incentives attached to different types of discretionary grants, this article examines the extent to which a shift in the priorities and interests of the prime minister's party – effected by the change from a dominant-party system to a multiparty-coalition system – is responsible for the change in the dynamics of distributive policies. I use a rich panel dataset on Indian states to propose a situational theory of distributive politics which states that incentives for exclusive targeting of affiliated states in dominant-party systems drive national ruling parties towards particularism, while the shrinking opportunity to indulge in such a policy in multiparty-coalition systems creates a universalisation effect. Additionally, the disaggregated analysis of discretionary grants brings to the fore the fact that the shift from particularism to universalism occurs for schematic grants, which provide an opportunity for credit-claiming. The ad hoc grants, which are like side payments, remain subject to particularism.

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Article Outline

1   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.[1] The pork-barrel disbursements are chosen unilaterally by the central incumbent party and are not subject to any universal equalisation formula. Although norma-

tive theories of fiscal federalism[2] envision a valuable role for federal grants-in-aid to correct equity and efficiency distortions, a plethora of empirical literature reveals that the party in power allocates grants not to optimise welfare gains but rather to promote partisan gains and to maximise the prospect of re-election.[3]

The present study makes an attempt not so much to replicate previous research on pork-barrel politics as to fill an important gap in the literature. Despite the extensive literature on distributive politics, we still lack a theory of how party systems and specific attributes of discretionary grants interact to shape the pork-barrel strategies of national leaders in a federal system. Further, the literature on the subject in India,[4] despite paying nuanced attention to the politics of discretionary grants, makes little systematic effort to examine the extent to which party politics under a dominant-party system versus a multiparty-coalition system shape the political logic of distribution of different types of discretionary grants (that is, grants for central plan and centrally sponsored schemes, and ad hoc grants).

With an eye toward that void, this paper tailors hypotheses drawn from recent theory literature to the Indian context and tests them empirically in two sharply different settings: one-party majority governments under dominant-party systems and coalition governments under multiparty-coalition systems. Note the overlap between party systems and government types. While the party system influences the kinds of governments that are formed, the interrelationship between the two is not cast in stone. For instance, a one-party majority government can exist even in the absence of a one-party-dominant system. The interesting point here is that such a majority government is unlikely to exhibit what we call "dominant-party-style distributive politics." The reason is that the key to the "dominant-party-style distributive politics" lies in the control of a vast majority of state legislative assemblies by the party forming the majority government at the national level.

I use a rich panel dataset on Indian states to propose a situational theory of distributive politics. This theory states that incentives for the exclusive targeting of affiliated states (co-partisan states) in dominant-party systems drive national ruling parties towards particulari-

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2 James M. Buchanan, "Federalism and Fiscal Equity," *American Economic Review*, Vol. 40, No. 4 (1950), pp. 583–599; R. Musgrave, *Theory of Public Finance: A Study in Public Economy* (New York: McGraw-Hill, 1959); Wallace Oates, "An Essay on Fiscal Federalism," *Journal of Economic Literature*, Vol. 37, No. 3 (1999), pp. 1120–1149.

3 For a review see: Miriam Golden and Brian Min, "Distributive Politics Around the World," *Annual Review of Political Science*, Vol. 16, No. 1 (2013), pp. 73–99.

4 Rongili Biswas, Sugata Marjit, and Velayoudom Marimoutou, "Fiscal Federalism, State Lobbying and Discretionary Finance, Evidence from India," *Economics and Politics*, Vol. 22, No.1 (2010), pp. 68–91; Wiji Arulampalam, Sugato Dasgupta, Amrita Dhillon, and Bhaskar Dutta, "Electoral Goals and Center-State Transfers: A Theoretical Model and Empirical Evidence from India," *Journal of Development Economics*, Vol. 88, No. 1 (2009), pp. 103–119; Stuti Khemani, "Partisan Politics and Intergovernmental Transfers in India," *Policy Research* April (2003), pp. 1–38; Rodden and S. Wilkinson, *The Shifting Political Economy of Redistribution in the Indian Federation*, Working Paper (2004).

sation of welfare/development-oriented grants while the shrinking opportunity to indulge in such a policy in multiparty-coalition systems creates a universalisation effect (Figure 1).

The novelty of this study lies not only in the results distinctive to the two time periods representing two different party systems but also, equally importantly, in the disaggregated analysis of discretionary grants. The study shows how the party-system attributes structure the pork-barrel strategies of the prime minister's party vis-à-vis different types of discretionary grants. The typology of discretionary grants (Figure 1) is based on the incentive for the government attached to each one of them – that is, whether a particular grant type provides an opportunity to claim credit for welfare spending or practice partisan favouritism.

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 (CPS) or require states to share a proportion of the cost (CSS). An interesting and relevant point here is that, although centrally sponsored schemes impinge upon the fiscal autonomy of states, these states see these grants as an important source of funding that they do not want to give up. 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 are the most discretionary and the least traceable.

While individual ministries make discretionary transfers, the Finance Commission (FC) – a constitutional body – attempts to arrive at an appropriate formula for the devolution of proceeds from central taxes to states, subject to quinquennial revision by successive FCs. It also works out non-plan revenue-deficit grants for states under Article 275. Finally, the Planning Commission, disbanded by a resolution dated 1 January 2015, provided block grants based on the Gadgil-Mukherjee formula.[5] In the Indian context, there is a consensus that formula-based grants are not amenable to pork-barrelling; they considerably restrict the ability of the national ruling party to manipulate transfers for political gain. Thus, following 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, claiming ownership of publicly salient issues, and maintaining the cohesiveness of coalitions.

Although little is known about how party systems influence opportunities for pork-barrel politics, I extract useful insights from the literature on party discipline and apply them in order to understand and compare distributive politics in both the dominant-party systems and multiparty-coalition systems in India. For instance, the prediction that in political systems characterised by strong party discipline the national governing party will use its discre-

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5   The Plan grants to general category states, given in the past but discontinued since 2015, were distributed on the basis of Gadgil-Mukherjee formula, under which 60 per cent weight was given to population, 25 per cent to per capita income, and 7.5 per cent each to fiscal performance and special problems.

tion to reward jurisdictions controlled by its party at the expense of those represented by opposition parties (particularism)[6] might be true for the dominant-party era. 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)[7] might be more applicable to the coalition era in Indian politics.

Similarly, applying insights from the literature on distributive politics to the two time periods under study, I assume that supply-side theories of distributive politics, which emphasise 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 emphasise legislative bargaining, might be more applicable to the period 1996–2014, during which no single party controlled a parliamentary majority and coalition governments were the norm.

To preview my results, I find that during the one-party-dominant era (1972–1989), the ruling Congress party used schematic grants (particularly CSS, the largest component of discretionary grants) as an instrument of "partisan favouritism." The objective was to bind both voters and political elites to the party's cartel via economic patronage. This study shows that the affiliated states (that is, the states ruled by the prime minister's party) received 37.7 per cent more grants for centrally sponsored schemes in comparison to the opposition-ruled states.

On the other hand, in the coalition era (1996 onwards), in which selective targeting of states ruled by affiliated chief ministers has not been possible,[8] the prime minister's party has used schematic grants (both CPS and CSS) as an instrument of "issue ownership." The formateur's attempt to claim credit for schematic grants, when its party has not governed the majority of states, has produced a "universalising effect" in which all three types of non-affiliated states – that is, the states not ruled by the formateur's party – have received higher grants for centrally sponsored schemes in comparison to affiliated states. However, affiliated states have, in turn, been favoured via ad hoc grants (83 per cent higher than non-affiliated groups), while not forfeiting schematic grants. In other words, the universalisation of schematic grants has gone hand in hand with the particularisation of ad hoc grants in the coalition era.

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6   James M. Snyder, Jr. and Tim Groseclose, "Estimating Party Influence in Congressional Roll-Call Voting," *American Journal of Political Science*, Vol. 44, No. 2 (2000), pp. 193–211.

7   Thomas Schwartz, "Representation as agency and the Pork Barrel Paradox," *Public Choice*, Vol. 78, No. 1 (1994), pp. 3–21; Barry R. Weingast, Kenneth A. Shepsle, and Christopher Johnsen, "The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics," *Journal of Political Economy*, Vol. 89, No. 4 (1981), pp. 642–64.

8   Excluding non-affiliated CMs' or MPs' parties from distributive resources has been neither possible nor desirable during the coalition period, because most of the states have been controlled by non-affiliated chief ministers and a substantial percentage of seats in the national legislature have been held by non-affiliated MPs.

Broadly speaking, the study demonstrates that the pork-barrel politics phenomenon depends on both the nature of party politics and the particular attributes of discretionary grants.

2 Discretionary Grants as Pork-Barrelling in Indian-Style Parliamentary Federalism: A Review of Recent Contributions

The standard claim of the central government in India is that schematic grants "have an in-built 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."[9] 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 equalisation is achieved by formula-based transfers.[10]

Recent empirical evidence also suggests that national political incumbents in India sacrifice grants for social welfare on the altar of political expediency by linking them to electoral considerations rather than rational economic calculations.

Biswas et al.[11] focus on federal-level lobbying on the part of the regional states. 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 per cent) for those states with an alignment to the centre. Following this, the authors claim to have found support for the core-voting model in pork-barrel politics.

Arulampalam et al.,[12] using Indian data for 14 states from 1974 to 1997, find support for the swing effect, although they also conclude that its relevance applies only to the context of aligned states. 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 1972–1995, Khemani[13] finds that discretionary transfers are targeted to swing states, which are defined as those affiliated

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9   Government of India, *Eleventh Five-Year Plan*, Vol. 1, Chap. 7 (2007), p. 143.

10 Pinaki Chakraborty, *Unequal Fiscal Capacities Across India States* (New Delhi: National Institute of Public Finance and Policy, 2003).

11 Rongili Biswas, Sugata Marjit, and Velayoudom Marimoutou, "Fiscal Federalism, State Lobbying and Discretionary Finance, Evidence from India."

12 Wiji Arulampalam, Sugato Dasgupta, Amrita Dhillon, and Bhaskar Dutta, "Electoral Goals and Center-State Transfers."

13 Stuti Khemani, "Partisan Politics and Intergovernmental Transfers in India."

states where the ruling party controls a smaller proportion of seats in the national legislature. However, "closeness to the 50 percent mark of districts controlled by the ruling party in the state legislature" has no significant effect.

Rodden and Wilkinson,[14] covering data for all India's states from 1972 to 2003, find support for the core as well as swing hypotheses during the Congress-party-dominant period (1972–1989). The authors calculate the "swing state" variable as the absolute difference between the ruling party's seat share in the state and the 50 per cent 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 have been based have gained at the cost of the states that make up the prime minister's partisan support base in the parliament.

The present study seeks to broaden our understanding of the dynamics of pork-barrel phenomena by comparing the distributive strategies of political incumbents regarding two types of discretionary grants (schematic versus ad hoc) under one-party-majority governments versus coalition governments. The analysis demonstrates that the pork-barrel politics phenomenon is not just a function of national incumbents' electoral objectives[15] (gaining a plurality versus maximising expected plurality) or legislative strategies[16] (mobilisation versus persuasion) but also critically depends on and varies with the broader political context and incentives attached to different types of pork-barrel disbursements.

3   The Dominant-Party System versus the Multiparty-Coalition System in India: The Tectonic Shifts

India was, from 1952 to 1989, one of the leading exemplars of the one-party-dominant system. The principal feature of such systems is not only that the victorious party holds executive power without having to share it with other parties[17] but also that the party rules a majority of state assemblies. By 1996, however, with the rise of coalition politics, there had been a complete reversal of both these features. 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-barrelling, which the formateur must invent given its diminished scope to manoeuvre itself into a favourable position via selective targeting of states ruled by its own party.

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14 J. Rodden and S. Wilkinson, "The Shifting Political Economy of Redistribution in the Indian Federation."

15 Assar Lindbeck and Jörgen W. Weibull, "Balanced-Budget Redistribution," *Public Choice*, Vol. 52, No.3 (1987), pp. 273–297; Gary W. Cox and Mathew D. McCubbins, "Electoral Politics as a Redistributive Game," *The Journal of Politics*, Vol. 48, No. 2 (1986), pp. 370–389.

16 Gary W. Cox, "Swing Voters, Core Voters, and Distributive Politics," in I. Shapiro, S.C. Stokes, E.J. Wood, and A.S. Kirshner, eds., *Political Representation* (Cambridge: Cambridge University Press, 2009), pp. 342–357.

17 Arend Lijphart, "Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries" (New Haven, NJ: Yale University Press, 1999).

To examine the one-party-dominant era, I study the period from 1972 to 1989. Scholars of Indian politics have devoted a vast amount of attention to the strategies employed by the Congress party under Prime Minister Indira Gandhi to increase the degree of dirigisme after the 1967 elections, tighten her personal control over the party after the 1969 split, and central-ise control over state politics late in 1971. The focus has been on factors such as "the popu-listic transformation of Congress politics,"[18] the Congress party's "patrimonial system,"[19] and the attempt by the party's Central Election Committee "to restructure state legislative elites from above."[20]

The rise of non-Congress parties to power in eight states in the 1967 elections increased the political cost of pursuing the policy option of universalism, as it could have allowed the state-based parties to create an independent base of political support. Upon assuming an overwhelming majority in 1971, Prime Minister Indira Gandhi replaced the developmental ideology of the Nehru era with populist programmes to purchase political support and build a political cartel.[21] She further encouraged "rent-seeking" behaviour to meet the challenge posed by the increase in political competition[22] and used the central government's control over public resources and economic policymaking to win electoral support via economic patronage.

Thus, her policy was openly particularistic; the modus operandi for the disbursal of dis-cretionary funds for welfare programmes was specifically designed to create incentives for local elites to align with the Congress party, even if regional parties were their first prefer-ence.[23] In fact, Indira's particularistic politics caused the voters to realise that bringing an op-position party to power in their state would not benefit them. Indeed, the distributive politics under Indira Gandhi were intended to cause the opposition parties who formed state gov-ernments to fail to both meet popular expectations and repeat electoral victories. During its dominance, the Congress party did try to take ownership of issues related to social welfare,[24]

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18 Stanley Kochanek, "Mrs. Gandhi's Pyramid: The New Congress," in Henry C. Hart, ed., *Indira Gandhi's India* (Boulder, CO: Westview, 1976).

19 Bhagwan Das Dua, "Federalism or Patrimonialism: The Making and Unmaking of Chief Ministers in India," *Asian Survey*, Vol. 25, No. 8 (1985), pp. 793–804.

20 Sudipta Kaviraj, "Indira Gandhi and Indian Politics," *Economic and Political Weekly*, Vol. 21, No. 38/39 (1986), pp. 1697–1708.

21 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 lead-er." Partha Chatterjee, "Introduction: A Political History of Independent India," in Partha Chatterjee, eds., *State and Politics in India* (New Delhi: Oxford University Press, 1997), p. 23.

22 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, Gov-ernment Expenditures and Economic Reform in India, "The Journal of Development Studies, Vol. 32, No. 1 (1995), pp. 74–96.

23 Paul R. Brass, *The Politics of India since Independence* (New York: Cambridge University Press, 1994).

24 PM Indira Gandhi 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."

but this remained subservient to its patronage politics. Consequently, states controlled by the Congress party's chief minister were rewarded with more funds, helping them strengthen the party's political base. In short, the national ruling party exercised its discretion over public resources to retain supporters, starve opponents, and win the support of undecided voters. In this paper, I demonstrate exactly how that was done.

To compare distributive politics during the one-party-dominant era with those of the coalition era (for which I study the period 1996–2012), this section highlights important shifts that occurred during the latter period.

The major shift that the coalition era has seen, particularly since 1996, is the ascendancy of new state-based parties which have managed not only to form state governments but also to win enough parliamentary seats to influence national politics.[25] In this period, the national parties seeking to form governing coalitions have had to bargain with state parties. The latter have then used 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.[26] Thus, the emergence of new categories of chief ministers (CMs) and members of parliament (MPs) belonging to the coalition partners' and outside supporters' parties – in addition to those belonging to the two general categories, namely, the PM's party and the opposition party – has had significant implications for distributive politics.

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

A) CMs and MPs sharing the partisan affiliation of the prime minister:
    coded here as CM_{affil} and MP_{affil}

b) CMs and MPs 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 here as CM_{align} and MP_{align}

c) CMs and MPs who belong to outside supporters' parties:
    coded here as CM_{osp} and MP_{osp}

d) CMs and MPs who belong to opposition parties:
    coded here as CM_{opp} and MP_{opp}

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25 Schakel and Swenden demonstrate that voters in India are opting for state-based parties not only in state elections but also in national elections. Arjan H. Schakel and Wilfried Swenden, Rethinking Party System Nationalization in India (1952–2014)," *Government and Opposition*, Published online: 1 January 2016, DOI: https://doi.org/10.1017/gov.2015.42.

26 For instance, the state-based parties such as Trinamool Congress, All India Anna Dravida Munnetra Kazhagam (AIADMK), Dravida Munnetra Kazhagam (DMK), and Telugu Desam Party (TDP) have effectively played pull-out threats to receive favours from the formateur – the account of TDP blackmailing the National Democratic Alliance (NDA) government during the period 1999–2004 being the most famous and telling. The party, with its brigade of 28 MPs, was the outside supporter, and the TDP supremo Chandrababu Naidu often threatened to review the party's support to the NDA coalition to get his costly demands accepted.

Apart from the widely noted shift, referred to in the preceding paragraph, I highlight three shifts based on the information revealed in the dataset for the two periods.

First, the dataset indicates a reversal in the percentage of states sharing the prime minister's party affiliation – from 75 per cent in the one-party-majority period to 24 per cent in the coalition period.[27] Thus, it became difficult for the formateur to direct discretionary funds exclusively to the states ruled by chief ministers sharing the prime minister's party affiliation, simply because there were so few of them.

Secondly, and quite interestingly, the phenomena of majority MPs (as a proportion of the seats allotted to a state) and majority MLAs (as a percentage of seats in legislative assembly) in a state belonging to rival parties has seen an unprecedented rise in the coalition era – from 37 out of 233 observations for the dominant party period to 71 out of 234 observations for the coalition era.[28] This complicates the logic of distributive fiscal politics because outcomes of both elections, along with the strength of a state's legislative representation in the governing coalition, are taken into consideration by the formateur when it makes spending decisions. For this reason, I employ linear predictive margins to test the impact of CMMP interactions on the distribution of discretionary grants.

Finally, the most interesting contrast is that during the coalition era, ad hoc grants have emerged as a new instrument (in addition to flagship schemes) with which to realise 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 has more than doubled, increasing from 16 per cent in the one-party-dominant era to 33 per cent in the coalition era. To put this change in proper perspective, I note that the share of grants for centrally sponsored schemes, in total discretionary grants, has increased from 55 per cent to 59.6 per cent, while the share of grants for central plan schemes has declined from 29 per cent to 7.4 per cent. Thus, in the coalition era, as partisan favouritism has become tough, if not impossible, the formateur has responded creatively to help affiliated states via ad hoc transfers. The formateur has not only doubled the percentage share of the ad hoc component in total discretionary disbursements but has also biased it heavily in favour of affiliated states.

The implications of the shifts mentioned above, and the precise nature of distributive politics during the coalition period under study, are described in the empirical analysis and discussion (Section 7).

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27 The percentages have been calculated based on my 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 were governed by the ruling BJP or its allies.

28 This happens not necessarily because voters distinguish between Parliament and Assembly elections, but, in all likelihood, because the two elections are not concurrent and swing occurs from one election to another based on the voters' assessment of their last electoral choice.

4   The Situational Logic of Discretionary Allocations

This section introduces a situational theory of distributive politics aimed at improving our understanding of how context matters. It goes beyond core–swing dichotomies based on variation in either the electoral objectives[29] or legislative strategies[30] of national incumbents and demonstrates that the broader political-institutional context is the primary determinant of national incumbents' electoral objectives and legislative strategies. Further, the precise manner in which different types of discretionary grants are employed to achieve political objectives depends on the nature of incentives attached to them.

The starting point of this theory is that in a federal parliamentary setting, the pork-barrelling phenomena respond to the nature of the party system (one-party dominant versus multiparty coalition). The question here is whether opportunities exist for the prime minister's party to position itself favourably by indulging in selective targeting of affiliated states. Similarly, distributive politics also varies with the type of political opportunities 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 process by which the prevailing party system influences the ruling party's pork-barrelling strategies regarding different types of discretionary grants (see Fig. 1) is a recurrent theme that runs like a golden thread through the entire length of the present statistical analysis. Schematic grants (grants for social welfare and socio-economic development) provide the opportunity to practice partisan favouritism, placate pivotal partners (or swing states), or claim credit for welfare spending.[31]Ad hoc grants, on the other hand, offer an unparalleled 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, without offering any justification. The precise political uses that different grant types are put to by the prime minister's party depend on the overarching party system during the party's incumbency.

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29   Assar Lindbeck and Jörgen W. Weibull, "Balanced-Budget Redistribution." Gary W. Cox and Mathew D. McCubbins, "Electoral Politics as a Redistributive Game."

30   Gary W. Cox, "Swing Voters, Core Voters, and Distributive Politics."

31   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 and even naming them after the prime minister or a prominent leader of the party. Note that naming of welfare schemes is an important issue in India. A vast majority of central government projects and schemes are named after the Gandhi-Nehru family. For instance, Jahawarlal Nehru Rojgar Yojana (1989), Indira Housing Scheme (1995), Indira Gandhi National Old Age Pension Scheme (1995), Jawaharlal Nehru Urban Renewal Mission (2005), Rajiv Gandhi Rural Electrification Programme (2008), Rajiv Gandhi Drinking Water Mission (2009), etc. Now, the BJP-led NDA government is launching new schemes that bear the names of the icons of the BJP. For instance, Deen Dayal Upadhyaya Gram Jyoti Yojana (2015), Atal Pension Yojana (2015), Atal Mission for Rejuvenation and Urban Transformation (2015), Atal Innovation Mission (2016), etc. 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.
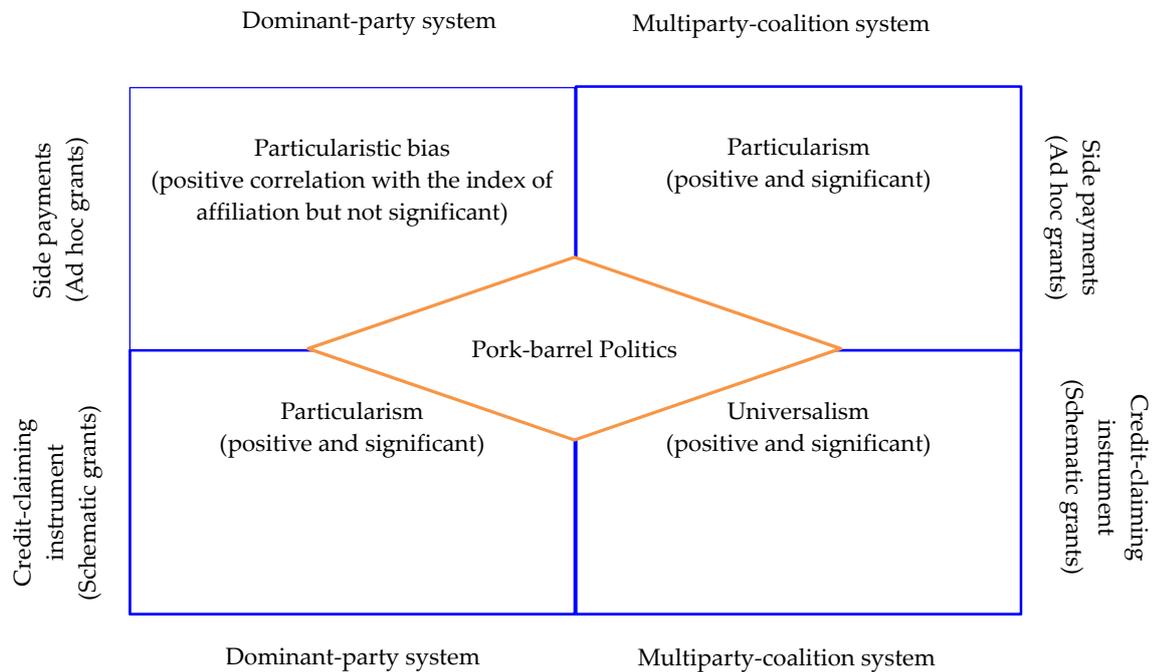
In order to determine if a shift in the priorities and interests of the prime minister's party – effected by the change from a dominant-party system to a multiparty-coalition system – is responsible for the change in the dynamics of distributive policies, I undertake an econometric investigation of the effect of political variables on two types of discretionary grants (schematic and ad hoc) separately for the two time ranges (1972–1989 and 1996–2012). Through disaggregated analysis of discretionary disbursements distinctive to the two time periods, I arrive at findings novel to the literature.

In particular, 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 also, and most startlingly, even opposition chief ministers receive more schematic grants than affiliated chief ministers. It is this serendipitous finding which has converted this study from what otherwise would have been theory-testing research into theory-building research. My observations regarding the impact of political variables on the distribution of schematic and ad hoc grants indicate that the unique party politics of each period overwhelm all other manipulations.

The analysis demonstrates that when a single party has a majority in parliament, and the same party dominates a vast majority of state legislative assemblies (implying that a majority of chief ministers are co-partisan), the prime minister has an incentive to reward affiliated states at the cost of non-affiliated ones (opposition-ruled states). In this situation, when systematic exclusion of the other is possible, the strategy of "issue ownership" becomes subordinate to the larger strategy of providing particularistic benefits (or politics of patronage).

On the other hand, when a coalition of parties forms the national government and different parties rule different states – some of which share power at the centre (aligned), some of which provide outside support, and still others of which sit in opposition – it becomes difficult for the formateur to practice *partisan favouritism, especially with regard to the schematic grants.* Thus, the formateur ends up universalising the 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).

Figure 1. The Situational Logic of Discretionary Allocations

Dominant-party system   Multiparty-coalition system

Side payments
(Ad hoc grants)

Particularistic bias
(positive correlation with the index of
affiliation but not significant)

Particularism
(positive and significant)

Side payments
(Ad hoc grants)

Pork-barrel Politics

Credit-claiming
instrument
(Schematic grants)

Particularism
(positive and significant)

Universalism
(positive and significant)

Credit-claiming
instrument
(Schematic grants)

Dominant-party system   Multiparty-coalition system

5 Hypotheses

5.1 The One-Party-Dominant Era

I derive testable empirical predictions from competing theories in the literature. For the one-party-dominant period (1972–1989), I assume that supply-side models of pork-barrel politics will be more applicable because the national ruling party is expected to distribute benefits to optimise electoral outcomes rather than legislative outcomes. The core-voter model[32] 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 favoured party, no matter what.[33] Thus, the hypotheses to be tested for this period are as follows:

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

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32 Gary W. Cox and Mathew D. McCubbins, "Electoral Politics as a Redistributive Game."

33 Assar Lindbeck and Jörgen W. Weibull, "Balanced-Budget Redistribution as the Outcome of Political Competition." Avinash Dixit and John Londregan, "Fiscal Federalism and Redistributive Politics," *Journal of Public Economics*, Vol. 68, No. 2 (1998), pp. 153–190.

H1b: 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; 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 hypothesis[34] (or particularism hypothesis), when applied to distributive federal politics in the era of one-party dominance in India, would yield the following prediction:

H1c: Under the single-party majority government, the states ruled by the prime minister's own party (affiliated states) will gain disproportionately at the expense of the states ruled by the opposition party.

Based on the finding that national politicians pursue disaggregated targeting of individual districts to serve particular political objectives[35] I hypothesise:

H1d: Under the single-party majority government, discretionary transfers will increase in proportion to the number of districts (parliamentary constituencies) controlled by MPs belonging to the prime minister's party, irrespective of the partisan affiliation of the chief minister.

5.2 The Coalition Era

For the coalition period (1996–2012), I assume that demand-side models of pork-barrel politics will be more applicable because the formateur is expected to distribute benefits to optimise legislative outcomes, such as maintaining the cohesiveness and stability of the coalition. The majority-party-legislator hypothesis[36] 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 hypothesis[37] argues that pivotal legislators are the primary determinants of legislative outcomes. Thus, the hypotheses to be tested for this period are as follows:

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34 Gary Cox and Mathew McCubbins, *Legislative Leviathan* (Berkeley: University of California, 1993).

35 James M. Snyder, "Election Goals and the Allocation of Campaign Resources," *Econometrica*, Vol. 57, No. 3 (1989), pp. 637–660; Norbert R. Schady, "The Political Economy of Expenditures by the Peruvian Social Fund (FONCODES), 1991-1995," *American Political Science Review*, Vol. 94, No. 2 (2000), pp. 289–304; Anne Case, "Election Goals and Income Redistribution: Recent Evidence from Albania," *European Economic Review*, Vol. 45, No. 3 (2001), pp. 405–423.

36 David P. Baron and John A. Ferejohn, "Bargaining in Legislatures," *The American Political Science Review*, Vol. 83, No. 4 (1989), pp. 1181–1206.

37 William A. Gamson, "A Theory of Coalition Formation," *American Sociological Review*, Vol. 26, No. 3 (1961), pp. 373–382; Norman Schofield, "The Kernel and Payoffs in European Government Coalitions," *Public Choice*, Vol. 26, No.1 (1976), pp. 29–49.

H2a: 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.

H2b: *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 obtaining additional insight into federal politics in the coalition period, I also investigate how states controlled by chief ministers belonging to four different categories fare in terms of the allocation of discretionary grants. Deriving *hypotheses* from the bargaining theory[38] literature we can predict that:

H2c: States ruled by pivotal partners will get the best deals because they can potentially orchestrate the downfall of the coalition government should their demands not be met. Indeed, the powerful coalition partners and outside supporters can extract benefits based on their bargaining power.

On the other hand, tailoring insights from the formateur-advantage model[39] to centre–state political interactions we can predict that:

H2d: 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 hypothesis,[40] when applied to distributive politics during the coalition era, leads to the following prediction:

H2e: 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:

H2f: 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.

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38 William A. Gamson, "A Theory of Coalition Formation."; Norman Schofield, "The Kernel and Payoffs in European Government Coalitions."

39 David P. Baron and John A. Ferejohn, "Bargaining in Legislatures."

40 Barry *R.* Weingast, Kenneth A. Shepsle, and Christopher Johnsen, "The Political Economy of Benefits and Costs."

6   Data and Methodology

The study is based on a sample of 14 major states of India, which account for more than 90 per cent of the Indian population. I have excluded special-category states from the sample, as they receive exceptionally generous financial treatment from the Indian government. I have also excluded the small state of Goa, which was upgraded from Union Territory status in 1987. 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 of them, for a total of three new states. So, 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 (17 years of the one-party-majority era and 17 years of the coalition period).[41] I have employed multiple linear regression to analyse time-series cross-sectional data using the panel procedure. Based on the results of the Hausman specification test, I decided to use a fixed-effect estimator. Further, depending on the results of the modified Wald (group-wise heteroscedasticity) and Wooldridge (autocorrelation in panel data) tests, I employed White's heteroscedasticity and autocorrelation consistent standard errors.

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

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

(1)

 In equation 1, $Grant_{it}$ is the grants value 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; $\beta_1, \beta_2, and\ \beta_3$ are corresponding coefficients of the given variables; C_i represents the state-specific individual effects; and ε_{it} is the error term.

6.1 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.

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41 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, I ex-
     clude these years.

6.2 Explanatory Variables

a) *Index of political affiliation (dummy)*: I measure the index of political affiliation via a dummy (CM_{affil}), 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 (CMs)*: 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, I have used CM_{affil} as the reference group.

c) *MPs (as numerical variable)*: I calculate MPs belonging to the prime minister's party (affil), 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 the parliament to form government.

d) *Group dummies for CM_MP interaction*: I calculate interacting partisanships of CMs and majority MPs. 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 CMs and MPs*: Following Stuti Khemani, I characterise swing states, amongst co-partisan states, as 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.

6.3 Control Variables

I do not include lagged values of the dependent variable as a control because I assume 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 the previous 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.[42]

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 (1980–1981 Rs)*. 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, while on the other hand, the higher lobbying power[43] of high-income states can enable them to receive preferential treatment from the central government. This suggests that both effects may interact with each

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42 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, July 2000.

43 Pinaki Chakraborty, *Unequal Fiscal Capacities Across India States.*

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, so we can expect more funds to be directed to rural constituencies. Also, various election studies have found that rural constituencies outvote urban constituencies by a significant percentage.[44] 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. The national government's genuine concern for social welfare 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[45] and a greater ability to participate in politics.[46] 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.

7 Empirical Analysis and Discussion

7.1 The One-Party-Dominant Era (1972–1989)

During this period, the central government used its control over public resources to mete out rewards and punishments. The national ruling party increased disbursal of discretionary funds for rural programmes, creating incentives for local elites to align with Congress. Discretionary grants were publicised as gifts from the prime minister to specific population

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44 Yogendra Yadav and Suhas Palshikar, "Principal State Level Contests and Derivative National Choices, Electoral Trends in 2004-09," *Economic and Political Weekly*, Vol. 44, No. 6 (2009), pp. 55–62.

45 Tom S. Vogl, *Education and Health in Developing Economies*, Working Paper (2012).

46 Rebecca Weitz-Shapiro and Matthew S. Winters, *Political Participation and Quality of Life*, IDB Working Paper No. 538 (2008).

groups such as farmers, scheduled castes, tribes, minorities, workers, and women. My data show that discretionary transfers (e.g. poverty-targeting programmes) increased dramatically during the sixth-plan period (from Rs 6,683 crore in the fifth Five-Year Plan [1974–1979] to Rs 16,267 crore in the sixth Five-Year Plan [1980–1985]). Further, 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 done.

I specify Model (2) for testing hypotheses for the one-party-majority era.

$$\boldsymbol{Grant_{it}} = C_i + \beta_1 Inc_{it} + \beta_2 Rural_{pop_{it}}$$
$$+ \beta_3 Life_{expect_{it}} + \beta_4 Voter_{turnout_{it}} + \beta_5\ GOI(Budget)_{LS_{election_{it}}} + \beta_6 GOI(Budget)_{SA_{election_{it}}}$$
$$+ \beta_7 CM_{affil_{it}} + \beta_8 \mathrm{MP}_{affil_{it}} + \beta_9 \mathrm{InteractCM}_{affil} * \mathrm{MP}_{affil_{it}} + \varepsilon_{it}$$

$$(2)$$

Where:

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

$Rural_{pop_{it}}$ is the log of rural population of i_{th} state at the t_{th} period of time;

$Life_{expect_{it}}$ is the life expectancy at birth in i_{th} state at the t_{th} period of time;

$Voter_{turnout_{it}}$ is the percentage of voter turnout in i_{th} state in the last parliamentary election;

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

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

$CM_{affil_{it}}$ 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;

$\mathrm{MP}_{affil_{it}}$ 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;

$\mathrm{CM}_{affil} * \mathrm{MP}_{affil_{it}}$ 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 per cent higher share of total discretionary grants and a 37.7 per cent 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 per cent increase in affiliated MPs increases

the per capita total discretionary grant by 0.42 per cent and the per capita grants for centrally sponsored schemes by 0.39 per cent. This finding proves the disaggregated targeting of individual districts hypothesis (H_{1d}).

Table 1. Per Capita Discretionary Grants (Log) during the One-Party-Dominant Period

	AGGREGATE	CPS	CSS	AD HOC GRANTS
	b/t	b/t	b/t	b/t
Per Capita NSDP	0.161	-0.028	0.074	1.658*
	(0.41)	(-0.04)	(0.15)	(1.68)
Rural population	6.431***	5.593**	7.174***	2.95
	(4.98)	(2.92)	(7.77)	(0.97)
Life expectancy	0.027	0.047*	0.069***	-0.045
	(1.00)	(1.71)	(5.56)	(-0.87)
Voter turnout (%)	1.450**	2.404***	0.95	0.646
	(2.41)	(3.90)	(1.18)	(0.42)
Election year (ls)	-0.106***	-0.207***	-0.104***	-0.083
	(-5.13)	(-4.92)	(-4.81)	(-1.15)
Election year (la)	0.107*	0.165*	0.143**	0.15
	(1.83)	(1.61)	(2.94)	(1.32)
CM_{affil} (*dummy*)	0.445**	0.321	0.377***	0.329
	(2.29)	(0.84)	(3.38)	(1.01)
MP_{affil} (% *of seats alloted*)	0.429*	0.479	0.386**	0.399
	(1.74)	(1.10)	(2.88)	(0.75)
$CM_{affil} * MP_{affil}$ (*interaction*)	-0.492*	-0.555	-0.487**	-0.439
	(-1.90)	(-1.03)	(-2.53)	(-0.92)
Constant	-112.026***	-99.350***	-126.950***	-60.42
	(-6.03)	(-3.60)	(-10.59)	(-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

* p<0.10,   ** p<0.05,   *** p<0.01

Finally, distributive politics during the one-party-dominant period also display strong swing effects. With every 1 per cent rise in affiliated MPs (out of total seats allotted), states governed by affiliated chief ministers receive 0.51 per cent less per capita in total discretionary grants and 0.48 per cent 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, I tested another model in which I altered the dummy variable from CM_{affil} to CM_{opp}. The results are reported in Table 2. Quite interestingly, opposition-ruled swing states are also favoured with more grants. Thus, hypothesis H_{1b}, which states that swing states are favoured, irrespective of the partisanship of the chief minister, stands

proved. Note that when I ran regressions including different indicators of swing in the state assembly elections, I found that none of those predictors were associated with changes in the response variables.

Table 2. Per Capita Discretionary Grants (Log) during the One-Party-Dominant Period

	AGGREGATE	CPS	CSS	AD HOC GRANTS
	b/t	b/t	b/t	b/t
Per capita NSDP	0.18	-0.001	0.106	1.669*
	(0.48)	(-0.00)	(0.22)	(1.71)
Rural population	6.346***	5.477**	7.034***	2.896
	(5.48)	(2.98)	(8.21)	(0.99)
Life expectancy	0.028	0.048*	0.070***	-0.045
	(1.06)	(1.81)	(5.91)	(-0.88)
Voter turnout (%)	1.425**	2.382***	0.909	0.631
	(2.36)	(3.94)	(1.10)	(0.40)
Election year (LS)	-0.106***	-0.207***	-0.104***	-0.083
	(-5.11)	(-4.90)	(-4.75)	(-1.15)
Election year (LA)	0.107*	0.165	0.144**	0.15
	(1.81)	(1.59)	(2.89)	(1.32)
CM_{opp} (*dummy*)	-0.405*	-0.273	-0.312***	-0.304
	(-2.15)	(-0.91)	(-3.68)	(-0.91)
$CM_{opp} * MP_{affil}$ (*interaction*)	0.438*	0.489	0.400***	0.405
	(1.79)	(1.12)	(3.06)	(0.79)
Constant	-110.337***	-97.323***	-124.522***	-59.303
	(-6.69)	(-3.62)	(-11.37)	(-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

* $p<0.10$,   ** $p<0.05$,   *** $p<0.01$

The foregoing analysis proves that during the one-party-dominant era, the per capita distribution of centrally sponsored schemes and total discretionary grants was due to partisan favouritism, 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, I calculate the predictive margins of four different categories of states based on CM and MP interactions.

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 evidence of partisan favouritism (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 receive 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 clear evidence of discrimination against the non-affiliated, non-swing group of states.

Figure 2. Predictive Margins of States with 95% Confidence Intervals:
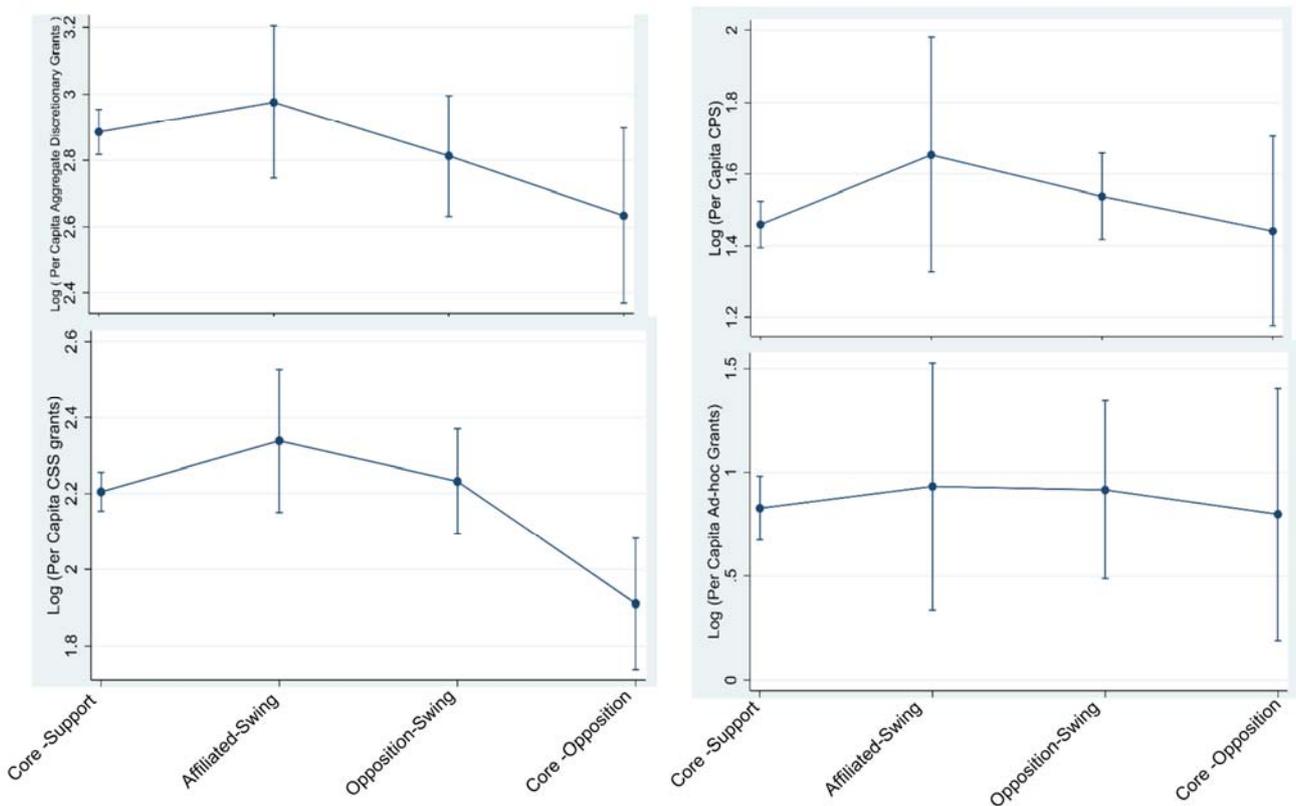**The One-Party-Dominant Period**

Table 3. Percentage Differences in Payoffs of Different Categories of States based on Linear Predictive Margins: The One-Party-Dominant Period

Type of state	Linear predictive margins	% diff. w.r.t. Core-Opposition	% diff. w.r.t. Opposition-Swing	% diff. w.r.t. Affiliated-Swing	% diff. 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 per cent confidence intervals. 0.00 per cent means reference group. Percentage differences have been derived from linear predictive margins.

This analysis provides fascinating insights into the spending priorities of the central government in the one-party-majority 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.

7.2 The Coalition Era (1996–2012)

The model specification for this period is identical to the one used for the one-party-majority period, with the only difference being that I add two new categories of CMs and MPs as explanatory variables. The independent variables (as dummies, continuous variables, or interaction terms) are designed to test the hypotheses I have 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 received 21.4 per cent more aggregate discretionary grants per capita than non-affiliated states. This finding makes me 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 I run regressions with CM$_{affil}$ as a reference group. The results confirm that all other categories receive fewer aggregate discretionary grants per capita 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 as, and perhaps even more than, it reveals. There have, after all, been dramatic differences in the attributes of the different types of discretionary grants. For this reason, I investigate the dynamics of distributive politics by splitting the discretionary grants into their 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 (Table 5) shows that states governed by coalition partners (aligned states), outside supporters, and even opposition parties have received 22 per cent, 26 per cant, and 16 per cent higher grants, respectively, for centrally sponsored schemes relative to states ruled by the prime minister's party (affiliated states). In other words, not only the CM_{osp} and CM_{align} receive more schematic grants, but even opposition chief ministers can be seen to receive more grants than affiliated chief ministers. Thus, the distribution of schematic grants follows a logic which requires explanation.

The results demonstrate that during the coalition era, the formateur has focused on claiming credit for implementing welfare schemes in the states ruled by the non-affiliated political parties. By employing schematic grants exclusively as an instrument of "issue ownership," the formateur has actually tried to co-opt the agendas and platforms of regional parties. Thus, the government has widely advertised its public and social welfare programmes and made sure that voters in each state understand that the credit for these policies should go to the central government. The schemes have been announced and implemented in such a way that no party except the prime minister's party could claim the credit (see supra note 28). It has therefore made sense to channel more funds for flagship programmes to non-affiliated states – not so much to help or strengthen them but rather to register a significant credibility gain for itself in those states by drawing state voters' attention to the central government's initiatives. By managing the flagship programmes well, the central government has hoped to contain the rising influence of regional leaders and state parties.

This story becomes complete and intelligible when we keep in mind that during the coalition era, when non-affiliated parties have ruled the majority of states, it has not been possible to divert grants for welfare schemes exclusively to the states ruled by the affiliated chief ministers. So, in contrast to the one-party-majority era, the ad hoc grants have been used heavily as an instrument to placate the party's own 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 have continued to receive such a respectable level of schematic grants that when these have been combined with ad hoc grants – a higher proportion of which (83.7 per cent) have tended to be channelled to affiliate chief ministers – the net result, in terms of aggregate grants, has been highly favourable to this category of states (21.4 per cent higher than for non-affiliated groups).

From the combined results of the regressions in tables 4 and 5, it is clear that schematic grants have been widely available to all kinds of states and that there has been no evidence of discrimination against the non-affiliated group of states. In this, I see the universalisation of schematic grants (H_{2e}). However, this ostensible universalisation 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 universalisation of certain welfare schemes with particularisation of ad hoc grants.

I now reflect on another significant insight from the results reported in Table 4. The data clearly show that MPs belonging to the outside supporters' party extract 3.1 per cent more per capita in total discretionary grants for every 1 per cent rise in their number, as a percentage of the magic number (272) in parliament. However, looking at the disaggregated picture, I find that MPs belonging to the coalition partners receive a higher proportion of both types of schematic grants: 3.5 per cent and 2.8 per cent, respectively, for every 1 per cent 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 whom a negative bias is conspicuous (albeit not statistically significant).

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 I calculate the predictive margins of six different categories of states based on CM and MP interactions. 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.

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	0.252	0.22	-0.133
	(0.50)	(0.93)	(1.65)	(-0.29)
Rural Population	1.068	-0.479	0.435	3.554**
	(1.30)	(-0.44)	(0.53)	(2.29)
Life Expectancy	0.252***	0.118**	0.236***	0.228**
	(8.71)	(2.77)	(8.65)	(2.23)
Voter Turnout (%)	0.003	0.007	0.007	0.019
	(0.55)	(0.52)	(1.17)	(0.98)
Election Year (Ls)	0.023	-0.017	-0.003	-0.038
	(0.49)	(-0.41)	(-0.21)	(-0.36)
Election Year (La)	0.089***	0.024	0.048	0.367***
	(3.17)	(0.36)	(1.46)	(3.32)
CM_{affil} dummy	0.214*	-0.015	-0.042	0.837**
	(1.85)	(-0.09)	(-0.59)	(2.18)
$MP_{affil(\%of272)}$	0.001	-0.033	-0.007	-0.072
	(0.07)	(-1.56)	(-0.55)	(-1.00)
$MP_{align(\%of272)}$	0.015	0.035**	0.028*	0.036
	(0.70)	(2.63)	(1.69)	(0.48)
$MP_{osp(\%of272)}$	0.031**	0.009	0.013	0.03
	(2.89)	(0.61)	(0.91)	(0.76)
Constant	-31.125**	0.294	-20.913	-74.258**
	(-2.21)	(0.02)	(-1.55)	(-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

* p<0.10,   ** p<0.05,   *** p<0.01

$CM_{affil} \equiv MP_{affil+align}$: Affiliated – chief minister is affiliated, and majority MPs are part of the ruling national coalition.

$CM_{affil} \neq MP_{opp}$: Affiliated-Swing – chief minister is affiliated, but majority MPs belong to the opposition party.

$CM_{align} \equiv MP_{affil+align}$: Aligned – chief minister is aligned, and majority MPs are part of the ruling national coalition.

$CM_{opp} \neq MP_{affil+align}$: Opposition-Swing – chief minister belongs to the opposition, and majority MPs are part of the ruling national coalition.

$CM_{opp} \neq MP_{opp}$: Opposition – chief minister, as well as majority MPs, belong to the opposition.

$CM_{osp} \equiv MP_{osp}$: Outside Supporter – chief minister, as well as majority MPs, belong to outside supporters' parties.

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	0.41	0.283*	-0.118
	(0.73)	(1.27)	(2.09)	(-0.37)
Rural Population	1.15	-0.203	0.538	3.462**
	(1.43)	(-0.17)	(0.62)	(2.23)
Life Expectancy	0.242***	0.086*	0.223***	0.215***
	(8.52)	(1.62)	(7.00)	(3.06)
Voter Turnout (%)	-0.161	0.36	0.549	1.155
	(-0.31)	(0.28)	(0.87)	(0.56)
Election Year (Ls)	0.022	-0.012	0.001	-0.017
	(0.53)	(-0.32)	(0.10)	(-0.19)
Election Year (La)	0.087**	0.024	0.044	0.309**
	(2.92)	(0.36)	(1.26)	(2.75)
CM_{affil} reference group	0	0	0	0
	(.)	(.)	(.)	(.)
CM_{align}	-0.493*	0.472***	0.227**	-0.524
	(-1.66)	(3.08)	(2.29)	(-1.04)
CM_{opp}	-0.286*	0.359**	0.165**	-1.081**
	(-1.95)	(2.88)	(2.45)	(-2.42)
CM_{osp}	-0.259	0.611**	0.268*	-0.765*
	(-1.26)	(2.76)	(1.94)	(-1.75)
$MP_{ruling\ coalition\%of272}$	2.170**	-0.777	0.622	-1.624
	(2.19)	(-0.56)	(0.61)	(-0.35)
$CM_{affil} * MP_{affil\%of272}$ (*interaction*)	-2.623	4.696*	1.557*	-6.349*
	(-1.50)	(1.75)	(1.77)	(-1.83)
Constant	-31.499**	-3.95	-22.459	-70.502**
	(-2.29)	(-0.19)	(-1.58)	(-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

* $p<0.10$,   ** $p<0.05$,   *** $p<0.01$

The linear predictive margins (LPMs) 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 received a better deal in terms of schematic grants when compared to affiliated states. The motivation, as already discussed, has been to boost the formateur party's image in non-affiliated states. By drawing voters' attention to the central government's initiatives, the formateur has attempted to capture ownership of key issues. Although affiliated states have lost out in terms of schematic grants, in aggregate terms, they haven't. As Table 6 shows, affiliated-swing states have received top priority, followed by core-support states.

Table 6. Percentage Differences in Payoffs of Different Categories of States based on Linear Predictive Margins: The Coalition Era

Type of state	Aggregate (100%)		Central plan schemes (7.4%)		Centrally sponsored schemes (59.6%)		Ad hoc grants (33%)	
	Linear predictive margins	% diff. w.r.t. affiliated state	Linear predictive margins	% diff. w.r.t. affiliated state	Linear predictive margins	% diff. w.r.t. affiliated state	Linear predictive margins	% diff. w.r.t. affiliated state
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%

Figure 3. Predictive Margins of States with 95% Confidence Intervals: The Coalition Era (1996–2012)
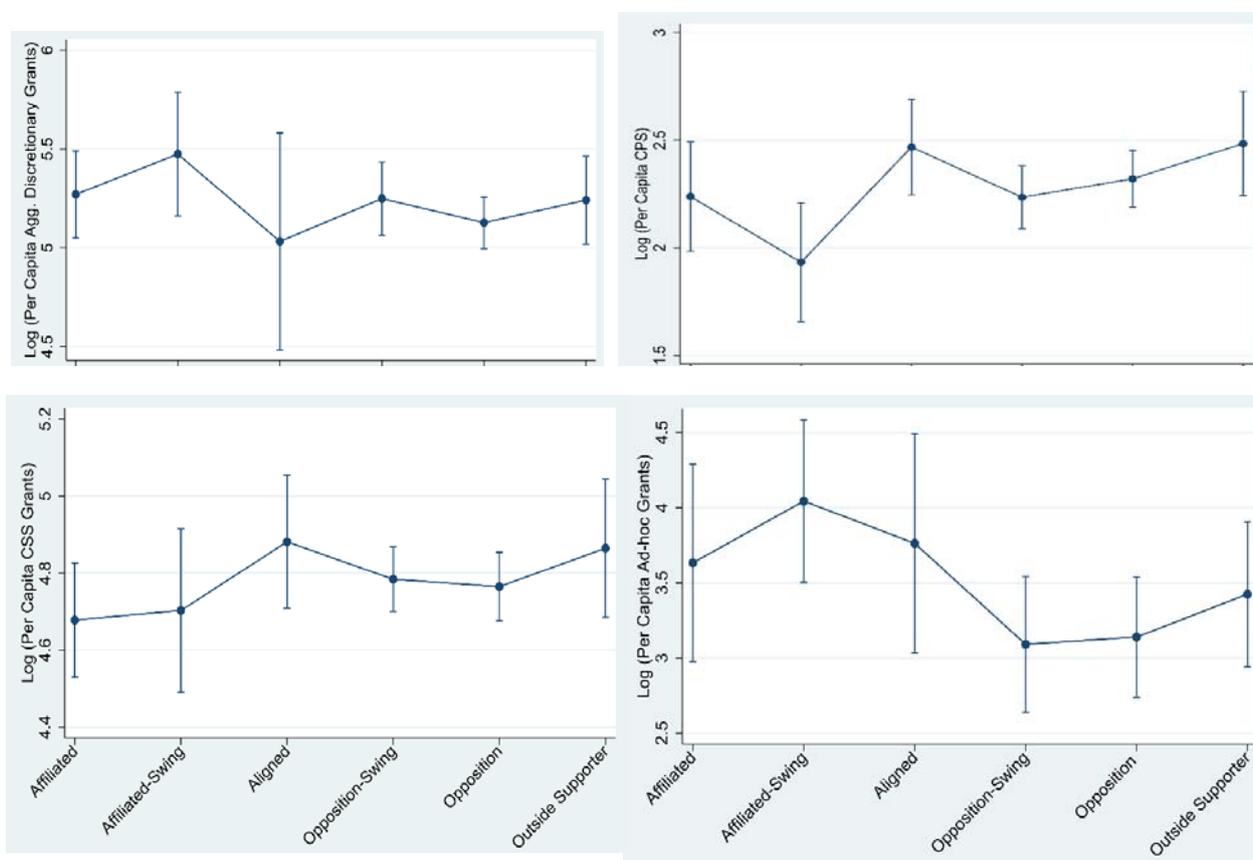
What we see is that the remarkably complex political setting of the coalition era has exhibited a highly sophisticated form of targeting, as the prime minister's party has struggled to retain the goodwill of its coalition partners and outside supporters while at the same time not improving those same partners' image in the states they rule. The overall picture of pork-barrel politics, in this period, is one in which the prime minister's party has 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 has been designed to convey the real benefactor – none other than the prime minister, in most cases. The formateur has also attempted to employ subtle instruments to channel discretionary funds to *chief ministers sharing its party affiliation. Thus,* even though affiliated states have lost out individually in terms of schematic grants, ad hoc grants have been so biased in favour of these affiliated states that, in aggregate terms, it is these states that have emerged as the top beneficiaries.

8   Conclusion

The analysis throughout this article shows that the distributive politics undertaken by the prime minister's party always responds to the nature of party politics during the party's incumbency. The distributive politics 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 the political considerations of national incumbents, which evidently hold sway over the true fiscal needs of various states.

During the one-party-dominant era (1972–1989), centrally sponsored schemes were the most popular instruments, with the dominant party rewarding states it ruled and punishing opposition-ruled states. At the same time, the dominant party 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 (examined here on the basis of data covering the period 1996–2012), as centre–state political interactions have become 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 favourably by indulging in particularistic politics – that is, exclusive targeting of affiliated states. In this situation, the formateur has shifted 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 has led to an overarching situation in which coalition partners, outside supporters, and even opposition parties have received better treatment from the centre's welfare schemes than have the prime minister's party-ruled states. The latter, however, have been favoured via ad hoc grants – while at the same time not forfeiting schematic grants – which has given them overwhelmingly favourable 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 particularisation or universalisation 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 as follows: How do the overarching patterns of interaction between the parties (under dominant-party systems versus multiparty-coalition systems) and particular attributes of discretionary grants collectively structure the incentives of national political incumbents to play pork-barrel politics?

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