

## **Abstract**

This paper uses panel data for the period 1962 to 1997 in India to investigate the effect of political systems on state government policy, public expenditure, and land reform law. We focus on the decline of the Indian National Congress (INC), which had been a dominant party until the mid-1960s, and the development of the parties that subsequently replaced it. We find that political parties make a difference in government policies. Regional parties (RP), which are based on specific groups and supported by most of the middle and lower classes, invest more in health. Moreover, the increase of the seats reserved for disadvantaged castes occupied by the non-INC parties promotes the land reform law. These findings suggest that it is important for backward classes to organize political parties.