
UNIT 10 INTER-GOVERNMENTAL RELATIONS IN THE PROCESS OF GOVERNANCE

Structure

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10.0 LEARNING OUTCOME

After studying this Unit, you should be able to:

- Explain the meaning and importance of inter-governmental relations (IGRs) in the process of governance
- Discuss the various models of inter-governmental relations
- Highlight the various aspects of inter-governmental relations pertaining to the federal set up
- Analyse the role of inter-governmental agencies; and
- Understand the nature of inter-governmental relations in the coalition era.

10.1 INTRODUCTION

The basic structure of governance is being transformed in countries around the world with authority and resources devolving from the central to regional governments. The replacement of traditional models of government by new models of governance is impacting the central government, with the contracting out of many traditional functions. The increasing dispersal of authority to lower levels is resulting in the emergence of new models based on partnership and collaboration. In fact, 'network governance' as we have discussed in Unit 22 of this Course is presently being talked

about and gaining a wide currency because of the contemporary governance context requiring the concerted effort of a plurality of agencies and functionaries.

Network governance contextually, has special relevance for public administration in India, which presently is internally faced with myriad problems coming from inside the country, as also externally linked to many international institutions and agencies in a globalised governance milieu. Being a federal polity with a comprehensive written Constitution, good governance depends enormously on the provisions of the Constitution, especially about inter-governmental relations. It was not easy, in the early years of independence, to devise suitable constitutional arrangements for a federal polity in a country as vast and diverse as India. The makers of the Constitution of India, probably thought more of emergencies than of normal times which resulted in an unbalanced scheme of distribution of powers, which failed to keep in view the minimum normal requirements of a State. In India, there is government at three levels, that is, the union, the state and the local levels. Though there are distinct structures available at different levels of governance, the inter-governmental relations and intra-governmental relations play an important role in the process of governance, as there are many occasions when the governmental efforts of all the levels need to be orchestrated and put together to optimise results say in times of a major disaster or even normal process of 'planning' and 'development'.

With this introductory background, we will discuss the meaning and importance of inter-governmental relations (IGRs) in the process of governance. The structure of governance at various levels and the interaction between these different levels in Indian context shall be dealt with.

10.2 MEANING AND IMPORTANCE OF INTER-GOVERNMENTAL RELATIONS

Inter-governmental Relations (IGRs) means the relationship between different government organisations. Its scope is widened to include the citizens and governmental institutions, agencies and officials as well as non governmental organisations. It is very difficult for the policy formulators to make any policy by keeping it isolated from the effect and impact of the other governmental agencies in existence at different levels. The union and the state governments cannot perform their tasks adequately without the proper support of the local government.

In the process of governance, the governmental structures at the union, state and local levels have to interact with each other for achieving the maximum with the minimum inputs. As such, the interaction between various governmental organisations is indispensable. There is hardly any political structure or sub-structure, administrative agency or sub-organisation of an administrative structure where the IGRs are not having a place of prominence. IGRs have substantial roots in the past and will have important consequences in the future regarding issues like health, education, environment, agriculture, etc. Anderson (1960), has defined IGRs as "an important body of activities or interactions occurring between governmental units of all types and levels within a system". Wright (1988), defines IGR as "patterned, interdependent, and bargained behaviour among national, state and local officials".

The major characteristics of IGRs are as follows:

- i) IGRs have a bearing on all governmental units in operation in a given system. From the top to the bottom, for example, in India, that is, the union government, state governments, municipal corporations, municipal

committees, cantonment boards, zila parishads, panchayat samities, gram panchayats, etc., all are involved in it.

- ii) IGRs aim at purposeful behaviour of the governmental officials involved in the process. The officials' actions and attitudes have to be positive and meaningful. They should not put the public interest at stake, in order to fulfil their self-interest. The officials' goal oriented attitude does not permit them to have wrong inclination regarding the other participants involved in the process of governance.
- iii) IGRs aim at regular interaction among officials. Through frequent interactions, based on objective data and analysis, the officials at various levels can contribute to the attainment of targets fixed for the given unit of governance. The day to day contacts along with most called for practical working relationship among the officials would go a long way in improving the process of governance.
- iv) Public officials include all governmental officials and actors. These are elected representatives, in the Lok Sabha, legislative assemblies, local governments or indirectly elected representatives, in the Rajya Sabha, Vidhan Parishads, local governments, political executives and appointed officials, including the administrative personnel at lower and middle ranges, etc. The interaction amongst all the governmental actors and officials, whether elected or appointed, contribute in improving the process of governance.
- v) The financial aspects, viz., loans, grants-in-aid, revenue sharing, auditing, etc., also strengthen or weaken the IGRs. The governmental structures, which are evident at grassroots, states, or union level, are made to facilitate the governance process in such a way whereby the common person could get the maximum benefits through the policies that are formulated. The financial assistance and help from one level of government to another is also a step in this particular direction and an important component of IGRs.

10.3 MODELS OF INTER – GOVERNMENTAL RELATIONS

The union-state-local governmental relationship could either be based on the hierarchical control, or there could be an element of coordination between the three, or there could be an element of overlapping. In this context, Deil S. Wright's (1982) three models of IGRs are worth our quotation.

1. Inclusive Authority Model

In this model, the state and local governments depend exclusively on decisions that are broader in scope and arrived at by the union government. This model is based on the principle of hierarchy, where one level dominates over the other. For example, the state government dominates over the local government, the union government dominates the state and local governments and the union and state government dominate the local government. This model represents a centralised system where the union government is very powerful and the state and local governments are viewed as mere appendages of a powerful union government.

2. Coordinate-Authority Model

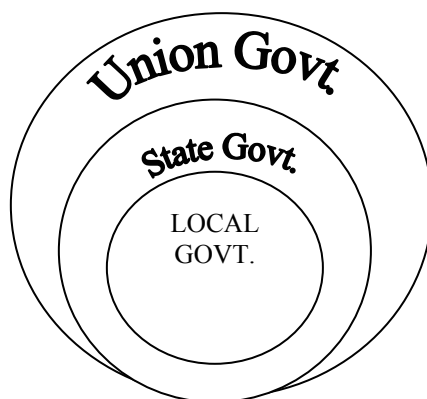
This model posits union-state authority relationship as autonomous. Their jurisdictions have distinct domains of power and control. The model aims at the element of coordination of the activities of all the units in the overall interest of the polity and the society. As per this model, all the units are to work in accordance with the basic spirit of the Constitution and established conventions of the land. This model is criticised on the ground that it fails to fit the actual operating features of the union, state and local relationships.

3. Overlapping Authority Model

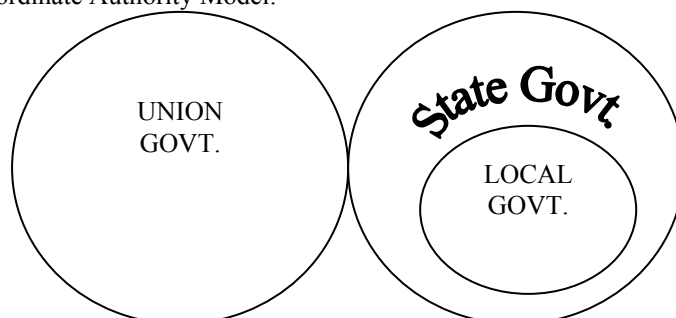
In this model, each unit has a limited area of autonomy. The relationship amongst the units is mostly of bargaining exchange type where the three units – the union, state and local, attempt to cooperate with each other. In this model, each unit has limited dispersed powers and they are interdependent. This model describes IGRs as patterned, interdependent, and bargained behaviour among all the three units. It is true of their officials as well.

All the three models could be diagrammatically shown as:

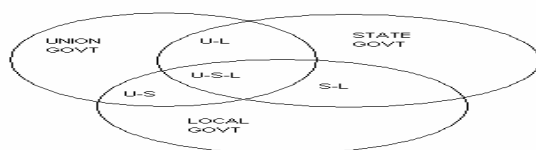
i) Inclusive-Authority Model:



ii) Coordinate Authority Model:



iii) Overlapping Authority Model



Source: BDP Elective EPA-6 Public Policy, Block No.2 – Policy Making: Structures and Processes-I, IGNOU, p.8.

The philosophical foundation for the governance of independent India is based on the premise that a government is best when it is able to bring about social transformation. Hence, the framers of the Constitution and the subsequent lawmakers consciously ensured that the overwhelming majority of powers and authority was kept with the union. Thus, despite its great cultural and regional diversities and historical patterns of disunity, India adopted a heavily centralised system of parliamentary federalism.

The Indian Constitution provides for dual polity in which there is the central government at the union level and state governments in the respective states. We also have a third tier of governance, that is, the local government operating both in the urban and the rural areas. Initially, local government did not have a constitutional status. But with the passing of 73rd and 74th Constitutional Amendment Acts, 1992, they have got a constitutional status. Since then, they are playing an important role in the process of governance.

Secondly, the Indian Constitution also provides for the division of powers between the centre and the states. This division of powers finds place under Schedule VII of the Constitution, in which there are three lists viz., the Union list containing 97 items, the State list with 66 items and the Concurrent list having 47 items. Both the union and the state governments can legislate on the items mentioned under concurrent list. The Schedules XI and XII of the Constitution provide 29 and 18 subjects to the Panchayats and Nagarpalikas respectively.

Thirdly, we have a Constitution, which is written, rigid and supreme and clearly stipulates the division of powers between the governments. The union, state and local governments derive their powers from the Constitution and are required to work under the limits of the Constitution.

Finally, the Constitution provides for an independent and impartial judiciary, which acts as a guardian of the Constitution and has the power to interpret it.

The above features clearly show that India is a federation. However, the federal character of the Indian Constitution has always been questioned, right since its inception. K.M. Munshi calls it “a quasi-federal union invested with several unitary features”, whereas, Wheare says, “the Indian Constitution established a system of government which is almost quasi-federal, almost devolutionary in character, a unitary state with subsidiary federal features rather than federal state with unitary features”. Some call it pseudo-federation, while for some others “federal in form but unitary in spirit”. Even the Constitution does not use the term “federation”. It proclaims India, a ‘Union of States’, and not as a ‘Federation of States’.

The Constitution established an “amicable union” combining parliamentary-federal features. In fact, there is a pre-dominance of the power of the centre. The Constitution ensures union’s legislative supremacy not only on the union list but also on the concurrent list and residuary legislative jurisdiction; even on the state list the union parliament can legislate in specified and exceptional circumstances (Article 249). The Constitution ensures the supremacy of the union parliament in taxation, constitutionally anticipated emergencies, all-India civil and police services (which are recruited and trained by the union government and then allocated to the state governments), judicial administration, and in constitutional amendments (Singh, 1995). Actually, an analysis of the application of emergency provisions of the Constitution of India, the role of the State Governor, as also of the financial dependence of the states upon the union (not to mention various other related matters) will reveal, that states have been more sinned against than sinning (Ray, 2001). All

these features adversely affect the potentialities of the State to promote good governance and tensions/conflicts are witnessed in the inter-governmental relations.

10.4 INTER-GOVERNMENTAL RELATIONS: IMPORTANT DIMENSIONS

Inter-governmental relations based on a spirit of camaraderie are a sine qua non for ensuring that changes envisaged in policy matters are brought about smoothly, and that national and regional interests do not clash, thus strengthening in the process a responsive, democratic set up (Simeon, 1985). The content and nature of the Indian federation as envisaged in the Constitution can be perceived in the context of inter-governmental relationship. This inter-governmental relationship has certain dimensions, viz. legislative, administrative and financial, which are discussed below.

Legislative Relations

Part XI (Articles 245-55) and the Seventh Schedule of the Indian Constitution spell out the equation between the union and the states in terms of distribution of powers. This distribution of powers clearly shows that not only the area of jurisdiction of the centre is larger by one-third, but also there are certain factors giving a tilt in favour of the centre. It is the centre, which has the authority to initiate legislation in the Parliament on matters included in the concurrent list if it considers necessary to obtain all-India uniformity. Secondly, the residuary powers are vested in the union parliament. Further, although the states have the exclusive power of legislation over every item in the state list, there are certain exceptions to this general rule.

The union parliament can make laws on the subjects mentioned in the state list, if it deems it necessary in larger public interest with the support of two-third members of the Rajya Sabha present and voting (Article 249). Similarly, it can make laws on any item included in the state list for whole or any part of India while a proclamation of emergency is in operation (Article 250). It can legislate for two or more states by their consent (Article 252). It can make any law for implementing any treaty, agreement or convention with any other country or countries or any decision made at any international conference, association or other body (Article 253). Article 356 provides for the imposition of President's rule in a state. The effect of this article would be that the legislature of the state in question would stand dissolved or suspended and the law-making power would rest in Parliament during the period the proclamation of emergency is in force. Besides these provisions, there is also a provision for President's veto over state legislation, under certain circumstances, except a money bill (Articles 200 and 201).

Administrative Relations

The administrative relations between the centre and the states in India are different from those federations like the USA, which have separate agencies for the administration and execution of their respective laws. In India, the control of the union on the states in the area of administration is manifest in the authority given to the union to control the states. The executive power of every state is to be exercised in such a way as to ensure compliance with the laws made by Parliament (Article 256). Further, the union executive is empowered to give such directions to a state as may appear to the Government of India to be necessary for the purpose. The presence of all-India services, further makes the authority of the central government dominant over the states. The Constitution makes provision for the creation of new all-India services by the parliament (Article 312). The emergency provisions (Article 352 to

360) empower the President in effect to suspend the Constitution and to take over the administration of a state or states if he is satisfied that there is a threat to the security of the nation, or a breakdown in the constitutional machinery of a state or states, or a financial emergency. Further, the appointment of Governors by the President is also an instrument by which the union has a control over the states. Apart from these, there are certain other provisions by which the union tries to control the states. These are: (a) giving directions to the state governments; (b) delegating union functions to states; and (c) providing grants to the states (Khan, 1993).

Financial Relations

Of all federal problems, the financial relations between the centre and the units are the most difficult (Santhanam, 1963). Any scheme of federal finance has to ensure that distribution of functions is matched by the distribution of adequate resources. Under the existing scheme of distribution, the taxing powers of the centre and the states have been completely separated and unlike the other federations of the world there is non-concurrent jurisdiction. By and large, taxes that have an inter-state base are levied by the centre and those with a local base by the states.

The union list contains 12 items of taxation and the state list has 19 items of revenue. However, there is no concurrent taxing power. The items mentioned under the union list are stamp duties and duties of excise on medicinal and toilet preparations; succession and estate duties, terminal taxes on passengers and goods carried by railway, sea or air, taxes on railway fares and freight; taxes on income other than agriculture; union excise duties, excise on medical and toilet preparations; customs, corporation tax, surcharge on income-tax, etc. The state list items are land revenue, liquor and opium excise, taxes on consumption and sale of electricity, taxes on vehicles, animals and books, amusements, betting and gambling profession, etc.

Apart from this division of financial powers, the Constitution provides for certain other measures through which the imbalance between resources and obligations of the states could be mitigated. These include: (a) obligatory sharing of union taxes on income; (b) permissive sharing of union excise duties; (c) assignment of certain union duties and taxes wholly to the states; and (d) provisions for giving financial assistance to the states in the form of grants and loans (Khan, *op.cit*). Constitutionally allocated revenue raising powers are so overwhelmingly concentrated in the hands of the union that, currently, the union raises about two-thirds of all tax and non-tax revenues collected in the entire country, leaving only one-third for all the states (Ray, *op.cit*).

From the above discussion it becomes clear that the entire scheme of the distribution of powers undoubtedly displays a strong tendency towards a high degree of centralisation. This scheme seeks to reconcile the imperatives for a strong centre with the need for state autonomy. It distributes powers, yet does not effect a rigid compartmentalisation. It is a system in which the structural-functional balance is in favour of the centre. Due to this, tension persists between the union and the states, which further deteriorates the process of governance. There are a number of provisions, which precipitates the tension between the union and the states. Some of these are discussed below.

Role of Governor

The institution of Governor is one of the highly contentious issues in inter-governmental relations. The office of the Governor has been repeatedly abused to facilitate union intervention in the affairs of states, especially those ruled by non-

Congress parties. The governors are getting into considerable controversy for their highly political and partisan role. Even the normal courtesy of consulting the state government before appointment of a new governor is not observed by the centre in most cases.

Initially (1952-1967), the Governor was largely confined to a ceremonial role and was then a gorgeous decoration. Since 1967, the Governor, rather than being a ceremonial head, started acting as the agent of the centre. The Governor acts as the agent of the centre while appointing a Chief Minister, dismissing a Chief Minister, summoning, proroguing and dissolving the state assemblies and in recommending President's Rule. What is even more perturbing, the Governor, at the behest of the union, has sometimes taken the initiative himself to create political instability in a state by means of dirty intrigues. This partisan role of the Governor has been the focal point in union-state conflicts and a gross imbalance in inter-governmental relations.

Article 356

Article 356 of the Constitution, is another issue of concern for the inter-governmental relations. It basically means taking over of the governance of the state by the union government. The experience with the working of Article 356 suggests that during the days of one-party dominance, the President's rule was used as a device to manage the transitional problem and a short spell of this was usually effective in restoring stability in the states. The situation has changed radically after 1967.

Now its use has become more frequent and more a political weapon by the centre against the state governments formed by opposition parties. For example, the dissolution of nine state assemblies and proclamation of President's rule in 1977 as well as in 1980 was a political move and a blow to the inter-governmental relations. The most blatant misuse of Article 356 took place in Kerala in 1959, when the communist government was removed from power despite enjoying the majority support in the assembly. In 1996, President's Rule was imposed in Uttar Pradesh thrice consecutively because the United Front Government at the centre was determined to prevent BJP from assuming office on the basis of its being the single largest party in the new Assembly. The union has used smaller and insignificant events to invoke President's rule frequently in a number of states. As a result, it has become customary for any party in power at the union to favour their 'supportive' states and to be firm with unfavoured states. The Sarkaria Commission on Centre State Relations (1988), drawing attention to the repeated abuse of Article 356 pointed out that during the period from 1951 to 1987, of the 75 occasions when the President's rule was imposed, only in 26 cases it was inevitable, 18 cases were typical instances of whole sole misuse of Article 356 for political purposes, extraneous to the one for which power has been conferred by the Constitution.

Financial Aspects

The financial dependence of states upon the union remains persistent and acute and leads to tension in inter-governmental relations. There have been complaints from the states that the centre had not shared taxes with them in the spirit of the Constitution. Under the existing system of allocation of funds, the rich states got more and poor States less, which resulted in an ever widening gap. Besides, the Planning Commission, which is an extra-constitutional body, has become another 'super government' which had made the states subservient to the centre. The Planning Commission has been accused of political considerations in allocating developmental projects to the states. The poorer states like Bihar have always complained that they

are not being given enough funds. Another instance of financial deprivation is that the union has retaliated against states, by reducing the central plan assistance to the states. States consider union policies to be arbitrary, and groan under the interest repayment burden, which has been growing from about 12 percent of revenues of all the states in 1991-92 to around 16 percent in 1995-96 (Ray, *op.cit*).

Maintenance of Law and Order

The law and order issue has been the most fertile ground of disputes in the inter-governmental relations. Maintenance of law and order is a state subject but the centre has been interfering in this area. There are a number of occasions when the centre has deployed armed forces in the states without their consent. For example, the Central Reserve Police Force (CRPF) was deployed in Kerala in 1968 without consulting the state government. Similarly in West Bengal it was deployed. In 1984, CRPF was deployed in Andhra Pradesh merely for political reasons. These events led to confrontation between the centre and the states.

The central government deployed the Border Security Force (BSF) units in several States, at times dealing with peaceful agitations of the people, as in Bihar and Uttar Pradesh. The BSF has also been deployed to fight terrorism/militancy in the State of Jammu and Kashmir and insurgency in the north-eastern states (Annual Report, 1997-98).

All India Services

Another area of conflict in the inter-governmental relations is the all-India services. The power of creating new all-India services has been vested in the Rajya Sabha. The members of the All India Services are appointed by the centre through Union Public Service Commission (UPSC) and serve in the state and their service rules are governed by the UPSC. These officers ensure the uniformity of the administrative system and emphasise the unitary character of Indian political system leading to inter-governmental conflicts.

Apart from these issues, there are a number of other issues too, which are responsible for inter-governmental conflicts. For example, encroachment by the centre on states list, unjust division of power between the centre and the states, the emergency provisions of the Constitution, the office of the Comptroller and Auditor General, the Election Commission, etc. The centre's desire to maintain its political hegemony and the demands of the states for greater political powers and economic resources has considerably strained inter-governmental relations. As a result, time and again there have been demands for a greater and more meaningful devolution of powers and to rework the inter-governmental relations and also to provide for certain mechanisms so that we can improve the inter-governmental relations.

The Third Tier of Government

Before discussing the inter-governmental agencies, it becomes important to analyse the third tier of governance, especially because now they have got a constitutional status in 1992. This third tier of governance has an important bearing on the inter-governmental relations as this tier plays an important role in the process of governance.

India's democratic structure has three levels of governance: national, state and the grass-roots level, called the Panchayati Raj and Nagarpalika systems. The Panchayati

Raj Institutions (PRIs) cover the village, block and the district, and the Nagarpalika system serves towns and cities.

As against the wishes of Mahatma Gandhi, the framers of Indian Constitution gave a lip service to PRIs by incorporating Article 40 under Part IV of the Constitution. Immediately after the promulgation of the Republican Constitution, the ideas of “Community Development through Community Participation’ was envisaged. Accordingly, two programmes ‘Community Development’ and ‘National Extension Service’ were launched in 1952-53 respectively but they failed to achieve their objectives as the plans formulated were based on percolatory concept of development and not on participatory concept. The whole programme revolved round the trickle down theory (Mishra, 1982).

In 1956-57, the Balwantrai Mehta Committee which was appointed realising the importance of popular participation proposed creation of institutions which were to be statutory, elective, comprehensive in duties and functions, equipped with necessary executive machinery with adequate resources and enough autonomy and freedom. It recommended a three-tier structure for self-government at the grass-roots level and assigned three major tasks viz., developmental, administrative and political to these institutions. However, these institutions could not flourish due to short sightedness and lack of political will.

After initial enthusiasm and promising performance, when PRIs began to decline rapidly and could not play an effective role in the process of governance, the Asoka Mehta Committee was set up in 1977 for suggesting ways and means of reviving the third tier of governance. The Committee recommended a two-tier structure. It emphasised on the district as the key-unit in third tier of governance and local level planning, and direct elections to these bodies, and adequate transfer of funds to them. To deliberate on the recommendations of this Committee, in August 1979, a Chief Ministers Conference was convened. . As a sequel to this, the Centre prepared the 1989 Panchayati Raj and Nagarpalika Constitutional Amendment Bills.

The third tier of governance got constitutional status in 1992 with the passage of 73rd and 74th constitutional amendment acts. These two constitutional amendments make it mandatory to hold periodic elections to local bodies, and restrain a new ruling party in the states from dislodging local governments consisting of members from other political parties. Nevertheless, critics affirm that these two amendments do not really devolve powers from the union to the states and from the states to the local bodies, making the third tier of governance ineffective. Just a legislation is not enough to bring about some transformation unless it is separately translated into practice (Majeed, 2005).

If the third tier of governance is adjudged to be an essential component of good governance, it becomes pertinent to make an analysis of this tier, and assess whether they genuinely promote local self government.

The working of the local bodies during the last decade clearly shows that while recent constitutional amendments have been so good otherwise, they echoed the same archaic state laws on the financial matters except constitution and mandate of state finance commissions (Chaubey, 2005).

The states have been complaining about the financial suzerainty of the union being an impediment to good governance, so are local bodies in deploring the financial stranglehold of states. It must be conceded that only the centrally sponsored

programmes and amount given by the State Finance Commission are not sufficient for improving the financial health of the local bodies (Mishra and Sweta, 2002). Besides, most of the states have not transferred funds for the subjects transferred to the PRIs (Mishra, 2003).

While the acts have not specified the statutory assignment or division of net proceeds of taxes, this is a widely prevalent practice. Similarly almost all states give general and specific grants-in-aid to their local bodies. They also pass on the moneys received for implementation of centrally sponsored schemes. Kerala has shared its plan budget with its local bodies to the extent of 40 percent (Chaubey, *op.cit*).

Secondly, the constitutional amendments do not talk about the devolution of functions to the panchayats and the municipalities. As a result, there has been no substantial devolution of administrative and financial powers of the states and as such the local bodies lack autonomy in respect of any of the activity assigned to them (Aslam, 2005). The experience gained so far is that at the district level, various line departments/ agencies implement programmes and functions under the overall supervision and control of the District Collector/District Magistrate. And the PRIs have to be content with backseat driving (Vithal, 1998). The sphere of activity of each tier under each item has not been defined and left to the discretion of the concerned state government. In the changing scenario, the third tier of governance has to exclusively devote itself to the task of development, so that they play an important role in the process of governance.

The experience from some of the states suggests that the presence of MPs and MLAs in the meetings of various tiers of panchayats influence the decision-making process, resulting in unhealthy conflict. It does not seem to be logical that MPs and MLAs become a party to decision making in local self-government bodies, on whose working and reports they sit on judgement at the state and the national levels. States like Madhya Pradesh, Rajasthan and Uttar Pradesh have provided representation to MPs and MLAs in PRIs. This has weakened the growth of local self-government. Besides, the provision of MPs and MLAs area development funds is also an obstacle in the smooth functioning of the third tier governance. During the last decade, cases of fraud have been detected in States like Bihar, Himachal Pradesh, Karnataka, Manipur, Nagaland and West Bengal (Panchayati Raj Update, 1998). If we are really committed towards third tier of governance, the MPs and MLAs area development funds should be transferred to the PRIs for the execution of development programmes in their respective areas (Mishra and Sweta, *op. cit*).

Yet another point in regard to the working of third tier is the role of the District Planning Committee (DPC). The DPCs are the only link between the 73rd and 74th Amendments. The DPCs have to play a very important role in preparing a draft plan for the whole district. But unfortunately the DPCs have been made ineffective. The need of the time is that the DPCs should be made effective and the district plan prepared by the PRIs and Municipalities should be approved by the state government without any change. It is also desirable that the DPC may issue guidelines to lower level units in regard to their annual action plan and consolidated five year plans (*Ibid*). It has been observed that there are a number of institutions, which come in conflict with the district level structure as envisaged under the amendments. These include District Rural Development Agencies (DRDAs), Women's Development Corporations, etc. These institutions have lost their relevance after the acts came into effect. Because of the independent existence of the DRDAs, a dyarchical situation exists at the district (Mishra, *op. cit*). This hinders effective governance at the local

level. As a result, the central government recommended the merger of the DRDA with the PRIs, but very few states have implemented this recommendation.

An organic link between the different tiers of local bodies can contribute to good governance by facilitating coordination of important activities for areas and peoples with close economic-geographical connections. If we look into the amendments, we see that there is the problem of coordination. There is lack of clarity in regard to distribution of powers and functions amongst the three tiers mentioned in Schedules XI and XII and also in relationship between the local level institutions and local level bureaucracy. It is also not clear whether the local bodies in the rural and urban areas are the implementing agencies of development programmes or they are both planning and implementing agencies.

One basic and persistent malady in the third tier of governance is the control exercised by the state governments over the local bodies. This is done through the budgets and bureaucrats in numerous though diverse ways. States like Kerala, where women were given reservation in PRIs even before the 73rd Amendment, has retained certain important powers for the state government thus weakening the local self-government. The responsibility to delimit constituencies of local bodies has been vested in the state government and its bureaucrats and not in the State Election Commission. In the event of a delay in holding elections, the Kerala state government has the power to take over the management of Panchayats (Jose, 1997).

The above analysis does not show any encouraging trend with regard to the third tier of governance. Even after a decade, the local bodies have yet to emerge as institutions of self-governance. The local bodies have become the agencies of states and this would continue until clear-cut allocation of powers and functions is made for Panchayats and Municipalities in the Schedules XI and XII of the Constitution. There is a need for the first two tiers to devolve more powers, responsibilities, funds and physical and human resources for their effective performance and participation at the local level. Besides, there should be necessary amendments in the Panchayati Raj Acts of various states, which is possible only if there is a strong political and administrative will. The local bodies need to be made responsible both, for planning and for implementation of development programmes for the local community, and their capabilities in this regard need to be enhanced (Mishra, *op.cit*). This will enable them to become a genuine third tier of federalism.

10.5 INTER-GOVERNMENTAL AGENCIES IN INDIA

The working of the federal structure clearly shows that the inter-governmental relations are strained and time and again, there have been demands to evolve certain mechanisms through which we can improve the inter-governmental relations. The most significant institutions of inter-governmental cooperation in India were products of the Nehruvian developmental state. The Nehruvian institutions of central planning included the Planning Commission, the National Development Council (NDC) and eventually the zonal councils. The Planning Commission and the NDC represented forms of 'executive federalism' which have promoted regular and useful centre-state consultation and coordination on sectoral issues (Saez, 2002).

Planning Commission

It is an important commission that assesses the material, capital and human resources of the country, formulates a plan for effective and balanced utilisation of resources, determines priorities, defines the stages in which the plan is to be carried out and

proposes allocation of resources for plan implementation. In the performance of these activities, the Planning Commission maintains a close liaison with the union as well as the state governments. It interacts with both the governments. The state planning boards and district planning cells provide the necessary data and inputs to the Planning Commission. The National Development Council is the apex body comprising the Prime Minister, Union Ministers, Chief Ministers of all the states, Lieutenant Governors and administrators of the union territories and members of Planning Commission. It approves the policies and strategies of development planning and determines broad guidelines for the formulation of five year plans.

Finance Commission

The Indian Constitution under Article 280 provides for a Finance Commission. It recommends to the President, the distribution of net proceeds of the taxes between the centre and states. The Commission also lays down the principles determining the grants-in-aid to be provided to the states out of the consolidated fund of India. The requirements of the states are kept in view by the Finance Commission while recommending the apportionment of revenue between the centre and the states.

Inter State Council

Since India's Independence, there have been persistent demands from various quarters for the establishment of an Inter-State Council (ISC) in order to provide another middle tier of authority between the central government and the states. Mazumdar (1972) urged for removal of the adhoc nature of existing inter-governmental bodies by instituting the ISC on the model suggested by Article 263 of the Constitution. Maheshwari (1984), comments that India's existing inter-governmental structure is inherently ineffective, as it has stymied regional initiative. He argues that 'the need for machinery of consultation between the central and state governments is undoubted and great, its development remained low and stunted for want of demand for it'.

The Study Team on Centre-State Relations appointed by the Administrative Reforms Commission (ARC) in 1967 proposed the first model for an active inter-state council. The Study Team (1968), viewed that an 'apparatus for effecting regular consultations between the Centre and the State' was needed, given that inter-governmental relations were increasingly cooperative. It proposed that the ISC would supplant the existing array of ad hoc inter-governmental agencies.

A separate government commission examined proposed changes to India's inter-governmental bodies. The ARC in its report (1969), also proposed an ISC, similar to that outlined by its Study Team a year earlier. The ARC report stressed that, 'the problem of Centre-State relations has acquired new dimensions and new importance in recent times due to several political parties being in power at the Centre and in the States'. Hence the ARC's reluctance to institutionalise the ISC. It recommended setting up of an ISC, to begin with, for a period of two years, and extended thereafter based on its effectiveness. However, no decision could be taken on the ARC report.

The reports of both the Study Team and the ARC opened the doors for further examination of inter-governmental relations from point of view of the states. In 1969, Rajamannar Commission was appointed. It extended the jurisdiction of the ISC, arguing that the recommendations of the ISC would be 'ordinarily binding' on both the centre and the states. Moreover, the ISC would, review 'every bill of national importance or which is likely to affect the interests of one or more States' before it is introduced in the lower house of Parliament (Rajamannar Report, 1971).

The Anandpur Sahib resolution of 1973, the West Bengal Memorandum, 1977, the Sarkaria Commission, 1983 and various regional conclaves, demanded the creation of an ISC. Besides this, some chief ministers also suggested formation of an ISC provided for under Article 263 of the Constitution (Indian Express, 1983).

Of these, the Sarkaria Commission gave modest recommendations regarding inter-governmental institutions. It recommended establishing two major forums with the purpose of improving inter-governmental relations. These forums were – ISC (would be renamed the inter-governmental council) and the National Economic Development Council (NEDC). The former is to exert itself mainly in the political sphere, while the latter in the area of economic development and planning. Considering that federal issues have too long been handled at important forums in an adhoc manner, it would be politically and economically more viable if this body functions as a constitutional forum of federal India on a regular basis (Singh, 1996).

The zonal councils would be ‘constituted afresh’ and they would function without inhibition or restrictions, they should not be declared, or even regarded nationally, as committees of the Inter-Governmental Council (IGC) (Sarkaria Report, *op.cit*). The Commission hoped that the burden of the IGC would be reduced if the zonal councils could provide the first level of discussion of most, if not all, of the regional and Inter-State issues (*Ibid*).

The ISC would have an advisory role and all advisory decisions should be taken on the basis of consensus. Despite its purely advisory role, the Commission believed that ‘it is expected that this Council will be able to build up mutual trust and confidence and will soon emerge as the major instrument for discussing at the national level policies and actions affecting inter-governmental relations’.

The IGC and the NEDC are almost identical in composition-barring the addition of the Planning Commission to the NEDC. The judiciousness of establishing these two separate forums has been questioned. Besides, this multiplicity puts unnecessary strain on the administrative machinery. Merger of the two, thus, would be a viable alternative as this would lend a wider perspective and political sobriety vis-à-vis inter-governmental relations (Saxena, 2003).

The call for the establishment of the ISC/IGC, was not universally positive and there has been considerable opposition to it. After a lot of discussions and debates, the ISC was finally established in 1990. Its first meeting was held on 10 October, 1990. The Prime Minister is the Chairman of the Council. The ISC has held eight meetings from 1990 to 2003. In these meetings the Council have taken a view on all the 247 recommendations made by Sarkaria Commission. Out of 247 recommendations, 57 have not been accepted by the ISC/administrative ministries, 175 have been implemented and 15 are at different stages of implementation (Rastogi, 2005).

Functioning of Inter State Council

The role of the inter-governmental agencies, particularly the ISC, in the process of governance, becomes important, as these agencies can improve the inter-governmental relations. The role of these agencies, assumes special significance in the context of managing inter-governmental relations and resolving the differences between them in a spirit of tolerance, accommodation and cooperation.

The working of the ISC shows that it still struggles to define its internal structure. Despite some attempts to establish a more solid institutional structure for inter-

governmental cooperation, the ISC has failed to set up a permanent, independent secretariat as recommended by the Sarkaria Commission (Saez, *op.cit*).

Nirmal Mukarji and George Mathew (1992) have argued ‘hopes that this body might become a useful federal forum were belied by the first meeting having failed to deal with any major item of the nation’s federal agenda’. Frankel (1997), has suggested that the ISC is ‘virtually defunct’. Although the ISC was envisioned by the central and state governmental commissions to serve as a body of highly placed individuals, in its functioning it has become an annex within the Ministry of Home Affairs. The functioning of the ISC raises serious doubts about the role to be filled by this important body.

The ISC, since its inception, has had a mixed legacy, which suggests a greater crisis of inter-governmental institutions in India. On the one hand, it has provided a forum for the discussion of some of India’s most pressing federal problems. These discussions have been unusually cordial and as such provide a model of parliamentary civility. On the other, once instituted it has failed to live up to its expectations. The ISC is neither an analytical unit that provides short or long-term strategy nor a public policy-making institution (Saez, *op.cit*).

Despite the above shortcomings, the ISC as an instrument of federal consultative mechanism has acquired much greater relevance. The Eleventh Finance Commission (2000) has emphasised the need for a larger role for ISC. It has recommended that the ISC should be made responsible for arriving at decisions on fiscal policies having inter-state or centre-state ramifications.

The National Commission to Review the Working of the Constitution (NCRWC) in its report (2002) too, has expressed serious concern about lack of institutional arrangement for mandatory centre-state consultations in the area of legislation under concurrent list, in spite of the existence of ISC. It recommended that the individual and collective consultation with the states should be undertaken through ISC and that the council should be utilised more effectively by the union and the states in resolving problems and coordinating policy and action.

To ensure a smooth and cordial inter-governmental relations, then, the ISC should play the role of a guide, friend and philosopher with the advocacy of equity, inclusiveness, compassion and accommodation in evolving consensus on complex issues (Rastogi, *op.cit*).

10.6 INTER GOVERNMENTAL RELATIONS IN THE COALITION ERA

Inter governmental relations since independence till 1967, were marked by the domination of the Congress Party both at the centre and in the states. The scenario changed after 1967 and the relations became strained was at its peak during 1967-71. A variety of issues cropped up in this area viz., Article 356, role of Governor, all-India services, the emergency provisions, etc. This period saw the emergence of regional forces to fill up the vacuum created by weakening of Congress Party.

Congress dominance was again witnessed during 1971-1977, making the centre more stronger. However, in 1977, the congress lost the political power at the centre. But

again in 1980, congress came to power and attempted to centralise power. This situation continued till 1989.

After 1989, congress dominance became a thing of the past and the phase of coalition governments at the centre started. The regional parties asserted themselves. Then onwards we see drastic changes in the IGRs, which heralded a new era in the process of governance. The National Front Government, which was a coalition government headed by V.P. Singh reactivated the idea of ISC and set up a Secretariat to service it. But very soon the government was out of power.

The United Front Government, which came to power in 1996, was also a coalition government, which was composed of 14 regional parties. The leader of this front, H.D. Deve Gowda, and other colleagues were regional leaders. Here onwards the power shifted from the centre to the states and a new beginning was made in the IGRs. Now the state bosses started deciding as to whom all would find a place in the union ministry from their respective parties and not the Prime Minister. Not only this, the coalition partners had a say in deciding which minister is to be dropped and how the distribution of portfolios is to be made.

The Common Minimum Programme (CMP) of the United Front coalition government talked about the need to re-cast the IGRs. It envisaged advancing the principles of political, administrative and economic federalism and to reactivate and energise institutions like National Development Council (NDC) and the ISC. It talked about transfer of the centrally sponsored schemes to the control of state governments (Awasthy, 2000). However, very soon the United Front Government failed as Congress withdrew its support.

The National Democratic Alliance (NDA) government headed by Atal Bihari Vajpayee and the United Progressive Alliance (UPA) government headed by Manmohan Singh, functioned on similar lines as that of the UF government. The regional parties played an important role in the formation of these two governments (NDA and UPA). The regional parties have been concentrating more on the inter-governmental relations, autonomy and more powers to state.

In the era of coalition governments from 1996 onwards, the management of inter-governmental relations has become a national priority for successful and timely implementation of developmental programmes of the central, state and local governments. The art of balancing the interests of the union and the states governed by different political parties and reaching consensus on contentious issues has become the prime need. In the changed scenario of governance, the regional parties are not only dominating at the centre, but are also in power in many states. This can be viewed as a healthy trend towards not only cooperative inter-governmental relations but also towards national unity. If this trend of coalition governments continues in future, one can see better inter-governmental relations in which there would not be any stresses, strains and conflicts between the various levels of governance.

There are a few important agencies and forums that such as Central Council of Local Self-Government, the annual conferences of Governors and Chief Ministers – which are meant to promote interactions among different levels and evolve national strategies and policies.

The Governors Conference serves as a useful forum where the President being the Chairperson of the conference is apprised by the Governors, of the political, social and economic situation of the states. Similarly, the Chief Ministers Conference serves

as a potential forum for discussion of whole range of issues concerning the states and harmonisation of relationship between the centre and the states.

Zonal councils are extra-constitutional bodies created under the State Reorganisation Act, 1956. Five zonal councils for Northern, Southern, Eastern, Western and Central regions were created in 1956. The North-Eastern Council was set up in 1971, by an Act of Parliament. Each Council has the Chief Minister and two other Ministers of each state in the zone and the administrator in case of a Union Territory. The Union Home Minister is the Chairman of all the zonal councils. The council is to advise the union and state governments, which are represented in the council on matters of common concern relating to economic, social and administrative matters.

10.7 CONCLUSION

From the above analysis it becomes clear that IGRs are an important aspect of the process of governance. The federalisation of the party system has altered the basic premises of IGRs, and has created new mechanisms that are impacting on the federal structure. It has led to the development of new ways of organising inter-state and the Union-state relations. All this has affected not only party politics and legislative configuration, but also the nature of political coalitions and alliances, IGRs and, consequently, the nature of distribution of responsibilities among governments at different levels. For that, some power sharing is required in the system of governance. Unless that sense of accommodation is there, and there is a paradigm shift in which we start treating democracy not just as representative but also as a participatory democracy, till then IGRs cannot be smooth and cannot lead to good federal governance.

In the process of governance, the governmental structures at the union, state and local levels have to interact with each other for achieving the maximum with the minimum inputs. As such, the interaction between various governmental organisations is indispensable. IGRs play a significant role in the process of governance. It is based on a spirit of camaraderie as a sine qua non for ensuring that changes envisaged in policy matters are brought about smoothly and that national and regional interests do not clash, thus strengthening in the process a responsive, democratic set up. In the era of coalition governments, the management of IGRs has become a national priority for successful and timely implementation of developmental programmes of the central, state and local governments.

10.8 KEY CONCEPTS

Coalition Government

A multi-party government where a number of minority parties join hands for the purpose of running the government. It is formed when many splinter groups in a House agree to join hands on a common platform by sinking their broad differences and form a majority in the House.

Central Council of Local Self-Government

It has been constituted in 1954 by an order of the President of India. It is an advisory body and its functions are to:

- a) consider and recommend broad areas of policy relating to local government
- b) provide proposals for legislation
- c) draw up plan of action; and
- d) make recommendations to central government regarding financial allocations to local institutions.

National Commission to Review the Working of the Constitution

This Commission to examine the working of the Indian Constitution was set-up on January 27, 2000 with Chief Justice Venkatchaliah as Chairman. The terms of reference of the commission were to examine, as how far the existing provisions of the Constitution are able to respond to the needs of efficient, smooth and effective system of governance and socio-economic development of modern India and to recommend changes, if any, that are required to be made in the Constitution within the framework of parliamentary democracy without interfering with its basic structure. The commission functioned with the aid of 10 expert teams and made nearly 248 recommendations.

Sarkaria Commission

The Commission on Centre -State relations was constituted in 1983 under the Chairmanship of Justice R.S. Sarkaria, a retired judge of the Supreme Court. It was to examine and suggest reforms for an equitable distribution of powers between the centre and the states. The report was submitted in 1988 and it made 247 recommendations suggesting 12 amendments to the Constitution and 20 new legislations.

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10.10 ACTIVITIES

1. Go through the newspapers and journals and make a note of conferences held in recent times such as Governors', Chief Ministers' etc and prepare a brief note on the issues deliberated in the conferences.
2. Based on information available on website, or newspapers, highlight the role and functions of the Finance Commission.