

The distant goal of cooperative federalism

BALVEER ARORA

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DECENTRALISATION? “Breaking the stranglehold of New Delhi’s bhavans in areas where the States should be empowered will would require both vision and political will.” Picture shows Chief Ministers of various States after a meet with Prime Minister Narendra Modi in New Delhi.

For working India’s federal system, one has to go beyond brute parliamentary majorities and grapple with the multilevel government-opposition matrix, which is the architecture of Centre-State power-sharing

Apart from the promise of providing a Congress-free India, the most frequent leitmotif of Mr. Modi’s electoral campaign was that he would usher in a new era for Indian federalism. Based on the idea that a state leader’s vision from below could transform India’s federal polity, the desire to make a perceptible if not spectacular change in the system of governance appeared to be a consuming passion. With one eye on history and the other on politics, dramatic gestures and rhetorical flourishes have become a distinguishing feature of this style of governance.

Since he assumed power a year ago, most of these theatrics have been reserved for Indians abroad, barring the memorable images of Mr. Modi with his turban aflutter against the backdrop of the Red Fort. There he announced the advent of a new era with the demolition of an iconic institution of the Nehruvian model, the Planning Commission. While this announcement was greeted with mixed feelings of regret and relief, the crafting of its replacement took a full six months. When the new institution was on the drawing board, the overriding concern was that it should in no way resemble its predecessor. But that was easier said than achieved.

Mr. Modi seeks to carve his place in history as the man who righted the wrongs in history and gave back to Indians a sense of pride in their country, a pride he claims they did not have before. He seeks to transform India beyond recognition, so that history will record a 'before' and 'after' so striking that the past would pale into insignificance. Hence, the National Institution for Transforming India (NITI) Aayog, which is slowly unfolding as a half-baked clone of the institution it sought to replace. Visualised as a vehicle of the new cooperative federalism, it was initially projected as a think tank that would shed the overbearing financial allocations-cum-approvals role that so infuriated Chief Ministers. What its contribution to federalism will eventually be is still an open question, given its vast and vague charter. This is where the Chairman's vision comes in.

So what is Mr. Modi's vision of federalism? On the one hand, what is projected is a patriarchal joint family model presided over by a benevolent Centre. There is also another model of States competing to deliver better governance under a new dispensation based on mutual trust and cooperation. However, States often accuse the Centre of not practising what it preaches, notably when it comes to fiscal discipline and downsizing government.

Superimposed on the Aayog is a Council of Chief Ministers, akin to the National Development Council, which presumably died a natural death along with the Commission that wished it into existence. We now have a Plan (2012-17) up for mid-term review. What shape it takes in its remaining years, if it survives this exercise, will give a clearer picture of this new vision. Groups of Chief Ministers are working on blueprints for transforming India, notably with fewer central schemes and greater autonomy for the States.

True sharing of powers

If Mr. Modi is serious about cooperative federalism, there is now a possible opening for a breakthrough in pruning central ministries, which have become bloated on the back of central schemes. Breaking the stranglehold of New Delhi's bhavans in areas where the States should be empowered will require both vision and political will. For a long time federalists have been demanding that the Centre cut down or totally wind up some of the ministries that deal with subjects in the State List. With fewer schemes in these areas, cooperative federalism demands that the responsibility for managing them also be shifted where it rightfully belongs, that is, the State and local levels.

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It is significant that the legitimacy of the two bodies that have been created to push forward the new federalism idea is again rooted in a Union Cabinet Resolution rather than being located in the Constitution. The existing and largely underutilised Interstate Council, created under Article 263 and mandated to deal with coordination between States, has been totally ignored. This raises the question of what the new vision of cooperative federalism entails, beyond coordination.

Sharing of powers and responsibilities between the three levels of government is a key element of the concept, which involves participative policymaking. This is particularly important in areas of concurrent responsibility, where the Centre has had a tendency to ride roughshod over the States by occupying the common legislative space. A reform of the seventh schedule lists in the direction of greater empowerment of States would be consistent with the logic of increased financial transfers and cooperative federalism. Locating the right level for making and implementing policy is a central feature of the cooperative responsibility matrix.

An idea which was added to the initial amalgam of objectives enunciated by Mr. Modi was competitive federalism, where States would vie with each other to attract investments and also hopefully provide better public goods and services. What has become increasingly evident is that the States are unevenly equipped to engage in fair competition, since regional disparities in the provision of basic needs and social sector services are overwhelming. Moreover, there are vast differences in governance capabilities, and while special category States, *a la* the Planning Commission, may have withered away with it, the need for asymmetric federalism remains. Equity may not be central to the mandate of the Finance Commission, but no government which espouses cooperative federalism can afford to ignore it. Enhanced devolutions across the board do not address this problem, which requires a new asymmetric federalism framework that remains to be defined.

As the NITI Aayog was finding its feet and the Union government was preparing its first full budget, the 14th Finance Commission gave a decisive push towards greater devolution of financial resources towards the States. It simultaneously occupied the resource-allocation space vacated by the Planning Commission by transferring a substantial portion of revenues directly to the States. It thus shaped the direction in which the central government could now move towards cooperative federalism. However, instead of cutting down on its own expenditure, the Centre directed its axe towards key centrally sponsored schemes in the social sector. Whether most of the States are sufficiently endowed with governance capabilities to absorb and effectively spend the additional resources that have come their way is a moot point. Whether they will be able to keep essential schemes running remains also to be seen.

Respecting mandates

A key element in fostering cooperative federalism is the respect for the mandate of

elected governments, even those run by opposition parties. In an era where the party system is fragmented along federal lines, the need is still felt to include State parties in federal coalitions, even when technically not necessary. The way alliance partners are treated thus becomes an important element in federal functioning. A majority in Parliament is one thing; hegemony over the federal polity quite another.

The 2014 State Assembly elections showed that even long-standing allies are not immune to being at the receiving end of coercive tactics. They now see the central majority's expansionist ambitions as a threat to their own continued existence. Under these circumstances, cooperative federalism with opposition-ruled States becomes an altogether more difficult proposition, given the absence of a viable working relationship. It was jeopardised and poisoned at the outset by the refusal to recognise the legitimacy of a parliamentary opposition.

Will Mr. Modi be remembered for the federalism he has vowed to introduce? The performance in his first year of office does not hold forth the promise of a system where power would be devolved to the people through an effective decentralisation and devolution package going all the way down to local bodies of self-government. The federal principle requires a genuine will to share power, of which there is little evidence even at the central level. The ideas of partnership and participation are crucial to its success, and concentration of power is the very antithesis of the federal spirit. A government that brooks no opposition is a most unlikely node for generating federal harmony.

For working India's federal system, one has to go beyond brute parliamentary majorities and grapple with the multilevel government-opposition matrix, which constitutes the architecture of federal power-sharing. It is far from clear whether Mr. Modi has either the will or the inclination to make any decisive moves in this direction. There is in the authoritarian personality an inbuilt penchant for majoritarianism. And the last thing Indian federalism needs is a majoritarian democracy.

(Balveer Arora, formerly Professor and Rector of Jawaharlal Nehru University, is currently Chairman at the Centre for Multilevel Federalism, New Delhi.)