

# Cooperative Federalism and Development Programmes

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After the independence, the government of India felt the need of planning. Pt. Jawaharlal Nehru was very impressed with the idea concept of state planning when he saw that the erstwhile USSR survived the great depression of 1930s. Though Planning Commission does not find its place in the Constitution of India, it was enacted through a legislative resolution of 1950s, and the Prime Minister remained the Chairman of the Planning Commission till it was dissolved in 2014. Planning Commission was considered one of the most important agencies of application of federal principles in practice. Rather one may say that planning commission was an instrument of exercising center's control over the states through resource mobilization.

## Overview of India's Federal Structures and Development Programmes

In this section, we focus on the institutions and mechanisms that govern fiscal federal arrangements in India, particularly center-state transfers. The constitutional assignment of certain statutory powers to the states is what makes India a federal system. The exact nature of the assignment of powers, and how that has played out in practice, determines the extent of centralization within this federal system. In addition, the size of the states also has implications for this characterization. For example, since many of the Indian states are quite large in terms of population (with the largest dozen being comparable in population to larger European countries), devolution of powers to the states without any further decentralization below that level may still represent a relatively centralized federation. In practice, devolution to both the states and to sub state (local) government bodies has arguably been quite weak. Federation does not work without a clear centralization or devolution of fiscal powers. Finance commission and planning commission are the two important channels of center state

transfers. While, the Finance Commission decides on tax shares and makes grants, the Planning Commission makes grants and loans for implementing (predominantly centrally sponsored) development plans. Finally, various ministries give grants to their counterparts in the states for specified projects either wholly funded by the center (central sector projects or centrally sponsored schemes - CSS) or requiring the states to share a proportion of the cost. Historically, as development planning gained emphasis, the Planning Commission became a major dispenser of funds to the states. As there is no specific provision in the Constitution for such plan transfers, the central government channeled them under the miscellaneous and ostensibly limited provisions of Article 282. Before 1969, plan transfers were project based. Since then, the distribution has been done based on a consensus formula decided by the National Development Council (NDC). However, various central ministries still felt the need to influence states outlays on selected items of expenditure through specific purpose transfers, with or without varying matching requirements: the Planning Commission monitors these. There are over 100 such central sector and centrally sponsored schemes and several attempts in the past to consolidate them into broad sartorial programs have not been successful. Overall, as noted, transfers from the central government contribute significantly to state finances.

The Planning Commission engages itself in five year plan investments for each sector of the economy and each state. Having been sure of certain assistance from the center, the states work out their respective annual plans for each year, based on estimated resource availability, which includes the balance from current revenue, contribution of public enterprises, additional resource mobilization, plan grants and loans, market borrowings and other miscellaneous capital receipts. The Planning Commission then approves the state plans. This is an absolute centralized tendency of the State that the state plans are approved by the center thus leaving very little scope for planning as well as implementing its own schemes. Central government introduces a large number of "National Programs", either by themselves, or at the request of the relevant ministries at the state level. Centrally sponsored schemes are assisted entirely through grants coming from the center, and the states merely have the agency function of executing these programs. Thus, a large bureaucratic exercise is involved in the process.

## Development Programmes

New perspectives on rural development began the era of special schemes, displacing the comprehensive programmes of rural upliftment through community development introduced in First Five Year Plan were convicted to have a techno-economic view of development. Special schemes as appendage to the National Development Strategy for growth were readily accepted.

Even though agriculture and rural development are in the state list, the center assumed leadership in these areas, the community development programme was introduced in 1952. It was a centrally sponsored scheme. Since the constitution was enacted, center has been intervening with what has come to be known as Centrally Sponsored Schemes.

There are at least two reasons for the center to play an important role in the area of rural development over which the states have jurisdiction:-

1. States are reluctant to formulate such policies because they lack expertise or funds for the scheme.
2. Necessary political will is absent.

As against this, it may also be argued that these centrally sponsored schemes or the Mission Mode Projects provide a good breeding ground for the center to establish its supremacy over the states by controlling financial resources originating from the center. Centrally Sponsored Schemes (CSS) are part of the Central Assistance given by the center to states. They are different from Central Sector Schemes in the sense that Central Sector Schemes are implemented by Center directly while Centrally Sponsored Schemes are implemented by states. The Union Government extends CSS to States under Article 282 of the Constitution. They mainly cover items listed in states list. CSSs are special purpose grants extended by the Central Government to States to encourage and Motivate State Government to plan and implement programmes that help attain national goals and objectives. Examples of national goals and objectives include extending clean drinking water and sanitation to every habitation, eradicating polio and tuberculosis, making primary education universal for every female and male child, and so on. As mentioned above it all began with the Integrated

Rural Development Programme, which was a blanket programme certain other small schemes were also given priority. However, it must be mentioned that this triggered the centrally sponsored programmes in India.

Centrally Sponsored Schemes, Flagship Schemes and additional central assistance : these Programmes backed by Central government grant money. State governments have implemented them over at least Eleven Five Year Plans. Out of the centrally sponsored schemes. Government gives priority to certain special schemes to achieve social objectives. There schemes are called Flagship schemes. Schemes covered under additional central assistance are known as ACA.

Centrally some of the programmes that are run by the government of India include, Mahatma Gandhi Rural Employment Guarantee Act (MNREGA), National Health Mission (NHM), Pradhan Mantri Gram Sadak Yojana and others. There are currently 17 Flagship programmes run by the government. These programmes are mainly taken up by the central government and have to depend on the state machinery for its implementation in the whole of India. Hence, one may observe that there is a lot of burden on the state to implement these schemes. Therefore, state centric schemes do not receive similar kind of support for the state government and the bureaucracy too. The implementing authorities are primarily coming from the All India Services, they also invariably get associated with the implementation of the centrally sponsored schemes. This obviously contributes to the centralized state structure and hence the federating units are denied of working for the local inspirations and needs.

### **Weak Implementation of 74<sup>th</sup> Constitutional Amendment**

Both the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments were considered important from the point of view of federal structure being made stronger and the local aspirations could be heart at the grass roots. Hence, the policy and programmes designed were aimed to suit the people at that level. With the devolution of financial resources, it is observed that the Panchayati Raj Institutions constituted as per the 73<sup>rd</sup> Constitutional amendment have succeeded in obtaining autonomy in administration and policy decisions at the grass roots.

However, the 74<sup>th</sup> Constitutional amendment suffers from many inconsistencies with regard to the developmental programmes. It is a common belief amongst scholars and policy makers and many others involved in the sphere of urban problems and issues that the 74<sup>th</sup> Constitutional Amendment Act, 1992 has been a breakthrough in the history of Urban Local Governance. The disillusion began with the operationalization of the 74<sup>th</sup> Amendment. For most people it was a breakthrough because it talked about 'power to the people' but when it comes to the implementation of the policies and programmes, the urban local bodies are still in the shadow of state government. It is essential that the local self governing units of the state be given some amount of autonomy including financial. It is unfortunate that these schemes and policies need prior permission of the central and state governments. With the growing population in the cities, it is imperative that corrective measures in terms of more devolution of powers be given to the urban areas. A large number of people are migrating to the cities for employment as service industry is fast growing. It is estimated that by 2035 almost 40% of India's population will be residing in the urban places. Hence, one has to also lay emphasis that the federal structures are not to be made strong territory wise but the fruits of federalism should cater to the need of the larger population.

In the western world, there is a fast emergence of the new concept of city states. These regions are given complete autonomy with the help of an act that gives these regions a different status in the state apparatus. Some experiments of such types have also been conducted in the National Capital region and MMRDA where the infrastructure development is specifically handled by a separate authority altogether.

Some of the cities as the municipalities or the local self government though governs the Washington D.C., Tokyo and London, they have larger autonomy with regard to the development of its jurisdiction. These cities can plan their own infrastructure and residential localities to make it convenient to administer.

## **The Way Ahead**

Autonomy, decentralization and regionalization are as constitutionally entrenched as centralization and unionization process are. Region, regional and regionalization have been constitutionally documented as autonomous space for the formulation of future polities; each

article from 370 onwards and fifth and sixth schedules represents distinct models of autonomy. The extent of autonomy may range from granting of specific right to identify, right to development, and the right to self governance. Autonomy is communitarian in appeal and functional local, it is as integrating as centralization is. It may take a federal route as well as a democratic passage. In more than six decades of its working, Indian federalism has shown enough resilience to accommodate societal pressures for federalization of polity, economy and society.

Though Delhi had Chief Ministers in the 1950s but the position was abolished in 1956, it was only during the first NDA regime that it was granted statehood in 1993 when Madan Lal Khurana became the Chief Minister. Apart from Delhi, Pondicherry is the only other Union Territory that enjoys partial statehood where there is an assembly and elected Chief Minister rather than just a Lieutenant Governor appointed by the Centre. In order to counter Sheila Dixit-led Congress before the 2003 polls, the BJP had tabled the State of Delhi Bill, 2003 by L.K. Advani that proposed full statehood through a new Article 371-J, in the Constitution. The Bill was referred to a Committee while Sheila Dixit went on to win the election and NDA was voted out of power in 2004 pushing the Bill back to oblivion.

Therefore we can say that cooperative federalism is a concept of federalism in which national, state and increasingly local governments interact cooperatively and collectively to solve common problems rather making separate policies. It requires robust institutions and mechanism for promoting intergovernmental development relations. The cooperation must ensure the changes envisaged in policy matters. There should be proper balance between development programmes and cooperative federalism for better growth of nation as a federation.

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