

Federalism, Devolution and Decentralization

Chapter 9

Federalism

- Federalism is a form of government in which a constitution distributes powers between a central government and sub-divisional governments, usually called states, provinces, or republics
- Lower entities such as municipalities, towns, and districts are created by the states (or other sub-divisional governments) and have no sovereign power of their own
- The national and sub-divisional governments both exercise direct authority over individuals

Federalism

- It is a system of Govt. in which power is divided between a central authority and various constituent units of the country
- Govt. is exercised at two levels
 - Govt. at the national level (for entire country)
 - Govt. at the level of provinces / states
- State Govt. has power of its own and not answerable to the center
- It produces a “Dual” system of government: which means there are two basic levels of government, each with its own field of authority, and operating over the same people at the same time.

Federalism

- Federalism is the preferred choices where the objective is
 - To safeguard / promote the unity of the county
 - To accommodate regional diversity
- The success of federalism depends upon
 - Govt. at different levels should agree to some rules of power sharing
 - Trust and agreement to live together must be there

Distribution of Power in Federalism

- Federalism creates a system of government in which power is shared between a central government and the state/ provincial governments.
- **Federal Powers:** Powers that belong only to the federal government (Defence, Foreign relations, printing money)
- **Provincial / State Powers:** Powers that are reserved to the states. (Education, Health, agriculture, sanitation, irrigation, basis infrastructure, LGS,
- **Concurrent Powers:** Powers that the federal government and the state governments exercise at the same time. (Law & Order, public welfare)

Advantages of Federalism

1. Supremacy of the Constitution
2. Formal separation of power
3. Independent Judiciary
4. Federalism checks the **growth of tyranny**
5. Federalism allows **unity without uniformity**
6. Federalism **encourages experimentation**
7. Federating units work as **training grounds** for national politicians and as **laboratories** in which new ideas can be tested
8. Federalism allows for many **political subcultures**
9. Federalism keeps government **closer to the people** by having more than one tiers

Disadvantages of Federalism

1. Makes **national unity** difficult to achieve and maintain
2. State governments may resist **national policies**
3. May cause **economic inequality** and **racial discrimination**
4. Law enforcement and provision of justice are uneven
5. Smaller units may **lack expertise** and **resources**
6. Many tiers of Govts. mean that **national problems** may not be responded to quickly
7. Many tiers makes **accountability difficult**
8. **Conflict** among states / provinces
9. Many tiers for **policy formulation**

Federalism in Pakistan

- 1947: Pakistan is a **heterogeneous society** representing a number of regional, socio-cultural and political histories
- Federalism emerges as an **ideal system** to secure the political harmony in the country
- Unfortunately, bitter relationships between the center and provincial govts. Started to emerge between federal and provincial governments from the beginning since 1947
- Federalism in Pakistan has been suffering on following two accounts
 - Division of Power
 - Resource distribution

Federalism in Pakistan

- Fiscal Federalism (OECD)
 - the division of policy and financial responsibilities between different levels of government.
- Why Fiscal Federalism (IMF)
 - It ensures that citizens in different regions have access to basic public services
 - It improves the efficiency, equity, and stability of fiscal systems
- In 1973 Constitution of Pakistan, a systematic method of transfer is operative through the National Finance Commission (NFC) constituted under Article 160 (1) of the Constitution. Its charter includes distributing tax receipts, issuing random transfers such as grants and recommending the borrowing of funds

Federalism in Pakistan

- **Fiscal Federalism?**
- A major breakthrough came in 2009, when the NFC Award increased the provincial share of the divisible pool from 47% to 56% for 2010-11 and to 57.5% for the following four years
- The new criteria for the Award included: population 82%, poverty 10.30%, revenue generation 5% and inverse population density 2.7%
- The Award changed the ratio of distribution of resources to provinces: Punjab 51.74%, Sindh 24.55%, NWFP 14.62% and Balochistan 9.09%.

18th Amendment & Federalism

- The 18th Amendment passed in April 2010 is the most comprehensive reform package after the passage of the 1973 Constitution. Which ensured more power for provinces
- The 18th Amendment made almost 100 changes to the 1973 constitution
- From federalism perspective, abolishing of concurrent list in principle, transferred the residuary powers to provinces
- It brought federation of Pakistan a step closer to provincial autonomy

Decentralization

- It refers to the restructuring or reorganization of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels
- It refers to the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations and/or the private sector
- Decentralization is a mixture of administrative, fiscal and political functions and relationships. In the design of decentralization systems all three must be included.

Devolution

- When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status
- Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions
- In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions
- It is this type of administrative decentralization that underlies most political decentralization

Principle of Subsidiarity

- The **Principle of Subsidiarity** states that matters ought to be handled by the smallest, lowest or least centralized competent authority. Political decisions should be taken at a local level if possible, rather than by a central authority
- This principle defines ***subsidiarity*** as the idea that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level
- It holds that the lowest or least centralized authority which is capable of addressing an issue effectively
- The aim of the principle is to promote efficiency and local ownership over policies and regulation, while placing a check on centralized governance

Decentralization Model of Kerala

- In India's 9th Five Year Plan (1997-2002), each state within the federation was expected to draw up its own annual plan
- the Government of Kerala took a bold decision to devolve 35% of the state development budget down from a centralized bureaucracy to local governments where local people could determine and implement their own development priorities under the **People's Plan Campaign (PPC)**

Decentralization Model of Kerala

• Objectives

- To improve the **quality of investment** by allocating resources for priorities identified by the local people.
- To facilitate emergence of **local solutions** for problems through improved planning, better implementation, use of **traditional knowledge** and appropriate technology etc.
- To exploit **local production** possibilities
- To enable people's participation leading to better vigilance in **execution of schemes**, followed by better **upkeep of assets**.
- To unleash **public action** resulting in a demand led improvement in the delivery of developmental and welfare services

Extent / Areas of Decentralization

- In the **Health Sector**, all institutions other than medical college and big regional hospitals have been placed under the control of local
- In the **Education Sector**, in rural areas the high schools and primary schools have been transferred to District Pachayats and primary school to village Panchayats; in urban areas all schools transferred to local Govt.
- The entire responsibility of **poverty alleviation** has gone to local Govt.; all the centrally sponsored anti-poverty programs are planned and implemented through local govt.
- As regards **Social welfare**, barring statutory functions relating to Juvenile justice, care of disabled, the entire functions have gone to local Govt.
- In the **Agriculture and allied sectors**, Watershed management and minor irrigation, Dairy development, Animal Husbandry including veterinary care & Inland fisheries.
- Barring **highways and major district roads**, connectivity has become local government responsibility.
- The whole of **sanitation** and most of rural water supply have moved over to local governments.
- Promotion of tiny, cottage and **small industries** is mostly with the local governments.

Key Features of Kerala's Decentralization Model

1. Empowered Local Governments - Kerala's system involves three levels of local self-governance:

- Grama Panchayats (village-level), Block Panchayats (intermediate-level), and District Panchayats (district-level).
- Urban areas have Municipalities and Corporations.
- These local bodies are given authority over key developmental and administrative functions

Key Features of Kerala's Decentralization Model

2. People's Plan Campaign (PPC)

- Initiated in 1996, this campaign is a hallmark of Kerala's decentralization model.
- It focuses on direct participation of the community in planning and executing developmental projects.
- A significant portion of the state's budget is devolved to local bodies

3. Focus on Participatory Democracy

- The planning process involves public consultations, development seminars, and community involvement in decision-making.
- Emphasis is placed on inclusivity, ensuring marginalized groups have a voice.

Key Features of Kerala's Decentralization Model

4. Devolution of Funds

- A substantial share of Kerala's development funds is allocated directly to local bodies.
- This financial autonomy enables them to plan and implement projects tailored to local needs.

5. Sectors Covered

- Key sectors like education, healthcare, water supply, sanitation, housing, and infrastructure development are managed at the local level
- Local governments are also responsible for managing natural resources and environmental conservation

Key Features of Kerala's Decentralization Model

6. Capacity Building

- Training programs for elected representatives and officials are integral to the model.
- Technical support is provided to local bodies to enhance their efficiency.

7. Transparency and Accountability

- Audits, **social audits***, and performance reviews ensure transparency in governance.
- Platforms for grievance redressal strengthen accountability.

*a process that evaluates an organization's social and ethical performance (FAO)

Achievements & Challenges

- **Achievements**
 - **High Human Development Index (HDI):** Kerala leads in literacy, healthcare, and life expectancy metrics in India.
 - **Poverty Alleviation:** Effective poverty reduction through targeted welfare schemes.
 - **Community Empowerment:** Strengthened grassroots democracy with active citizen participation.
- **Challenges**
 - **Capacity Constraints:** Limited technical and financial management capacity at the local level.
 - **Political Interference:** Instances of political favoritism in resource allocation and decision-making.
 - **Sustainability:** Ensuring the long-term sustainability of decentralized projects can be challenging.

Thank You