

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 country
 - 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