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**FEDERALISM AND  
DECENTRALISATION  
IN INDIA:  
ANDHRA PRADESH  
AND TAMIL NADU**

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# FEDERALISM<sup>1</sup> AND DECENTRALISATION IN INDIA: ANDHRA PRADESH AND TAMIL NADU

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## **Abstract**

*We examine the decentralisation process in two south Indian states: Andhra Pradesh and Tamil Nadu. These states have major role in the federal politics of the Indian polity. In this context this paper argues that there is an inverse relationship between strong federal demands and their relation to decentralisation further down the polity. These fast reforming states are strengthening the state level governments but the same does not seem to happen with decentralisation.*

## **Introduction**

There are good reasons to compare Andhra Pradesh and Tamil Nadu with regard to their polities: both are Dravidian states; both have strong regional parties; both have had, and still have, charismatic film stars as political leaders, and both have strongly championed the federal cause in Indian polity with gusto. Andhra Pradesh was the first state to demand and be constituted as a linguistic state; and Tamil Nadu always championed the Dravidian cause. These aspects make a comparative study of their politics in general and their politics of decentralisation in particular attractive.

This paper attempts to elaborate the paradoxical situation of federalism and decentralisation in the two states. Both the states, Andhra Pradesh for more than two decades and Tamil Nadu since much earlier period, have stood for strong federal polity. Both the states championed the cause of the strengthening of the states *vis-à-vis* the Centre in federal polity. Both the states led by regional parties have bargained vehemently for powers for the state-level governments<sup>2</sup>. Telugu Desam Party (TDP) in Andhra Pradesh since 1982 and Dravida Munnetra Kazhagam (DMK)

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and All India Anna Dravida Munnetra Kazhagam (AIADMK) in Tamil Nadu as regional parties stood steadfastly for the demands of the states. But ironically both the states neglected devolution of power further down the political hierarchy. Interestingly, while Andhra Pradesh has had, and still has, only one single regional party, the TDP, Tamil Nadu has more than one. Besides the above commonalities and differences, what makes them comparable is the reluctance to further devolve powers to local self-governments. This makes us hypothesise somewhat tentatively that the stronger the regional parties, the weaker would be the local self-governments. We discuss this in this paper.

Two processes have led to the renewed interest in local bodies in the late eighties and early nineties: one, the global circumstances and widespread acceptance of decentralisation; and two, the specific Indian circumstances. The decentralisation of governments, and efforts in that direction were adopted all over the Third World in about 80 countries around the same time in late 80s and early 90s (Manor1999). Therefore, the international policy climate for decentralisation was set at the same time when the Indian situation was also approximating the situation. The governments and policy- makers in India have realised by early 1990s that the Indian polity had become too centralised (Manor 2001); particularly under the long rule of Mrs. Indira Gandhi and her son Mr. Rajiv Gandhi. Mr. Gandhi himself realised the implications of excessive centralisation and personalisation of power at the Centre and initiated the decentralisation reforms. Therefore, the global policy environment and Indian political circumstances both favoured the adoption of the decentralisation policy around the same time.

One interesting caveat is needed here. Though the decentralisation process means both devolution of power from the Centre to the states and from the states to the third tier of governance, that is the local government structures, the constitutional amendments that took place were largely related to the devolution of power from the state level to the local levels. That is, devolution of power from the state capitals

and secretariats to the local self-government institutions. The formal relations between the centre and states *de jure* remained the same though the economic reforms brought about a *de facto* federalisation of the polity. Therefore, by decentralisation we mean actually decentralisation of power from the state governments to the local self-governments. In this, states played a crucial role, as the decentralisation is a state subject under the Constitution.

It is important to consider the point here that the programme of decentralisation as it was unveiled by the Parliament, was conceived by the central government and not the state governments. The state governments were only called upon to amend their state laws in conformity with the central law. This has two crucial implications. One is that the state governments were already sour over the overly centralised polity. Secondly, the devolution of power to local self-governments was to occur at the expense of the powers of the state governments and their bureaucracies. The slogan that was given to the decentralisation programme was 'power to the people'. The process, though aimed at the deepening of democracy, was done hugely with the initiative of the central government. It is no exaggeration to say that the decentralisation process and empowering local governments as the third tier of government was a gift of the Centre to the people inhabiting the local areas. It was *mana* from the Centre; and decentralisation of power was not always welcomed whole-heartedly by the state governments. Some welcomed it but some state-level regimes had deep reservations about the programme. It was feared at the time of amending the Constitution that the Centre intended to bypass state governments through the process of decentralisation programme (Natraj and AnanthPur 2004). The state governments were more enthused about the economic reforms, which occurred at the same time. While political decentralisation appeared to take away their powers, economic reforms appeared to strengthen their clout.

There were some debates in the state assemblies during the adoption of the conformity laws, the coverage of which is outside the

remit of this paper. But we can note here that both the states, Andhra Pradesh and Tamil Nadu, were compelled to adopt conformity laws in letter, despite whatever reservations they might have held about them.

## **Economic Reforms and Changing Federal Relations**

It is appropriate here to dwell at some length on the changes in Centre-state relations. The nature of Indian federalism is changing ever since the reforms. Rudolph and Rudolph (2001) have argued that the Indian polity which had an inherent bias towards the Centre has changed after the reforms. They have persuasively argued that reforms have changed what is a command economy into a 'federal market economy'. They have argued that,

'The heart of our argument about India's emergent federal market economy [is that]: the decline of central public-investment and growth of private investment gives the federal states, the immediate sites of private investment, a greatly expanded role in economic liberalisation and in promoting investment and growth. They do so in a highly variable ways that are contingent on agency—i.e., policy initiatives, leadership, good governance—as on structure, e.g., previous economic position.'

And while concluding that what is emerging is a 'federal market economy,' they say that the central government retains its role more as a regulator, while the responsibility of the states in economic matters is expanded manifold: They conclude by saying that,

'The states in India's federal market system command more economic and political sovereignty than they did under a Nehruvian planned economy; their voices matter more in economic and political decisions. States are challenged to be

more self-reliant; increasingly, they have to navigate as tubs on their own bottoms. But they are also faced with new restraints on their enhanced autonomy. As the centre's interventionist and tutelary role has faded, its role as regulatory state has expanded. The states have found that the price of more freedom is more responsibility for growth and fiscal discipline.'

What the Rudolphs argue is the evolution of the Indian federalism in post-reform period. While the economic reforms have vastly increased the economic clout of the states they are still dependent on the Centre. The debate on federalism in India throws up many views. Amresh Bagchi, for example, says that the nature of federalism changed from that of 'centralised federalism' to that of 'cooperative federalism' (Bagchi 2003). The point is well debated in discussions on the changing nature of Indian federalism. Rob Jenkins (2003) for example, argued that the states of India, contrary to the argument that their sovereignty has expanded, are still dependent on the central government in their attempt to attract foreign direct investment; and in their dealings with multilateral agencies such as IMF and the World Bank. Jenkins examines the Indian federalism from the point of view of 'constituent diplomacy paradigm'. This paradigm says that the states have a prominent role in the making of foreign economic policy. According to Jenkins, this 'constituent diplomacy' paradigm when applied to India has its limitations.

Further evidence on the increasing autonomy of states in policy-making comes from Stephen Howes, Ashok K. Lahiri and Nicholas Stern(2003). They observe that:

'...a number of political factors have led to increased levels of state autonomy over the nineties. In many ways, the political authority of the central government has weakened over the nineties, providing more 'political space' for states to plough

their own course. The average tenure of government has fallen at the central level, and there has been a shift to coalition governments as no single party has been able to claim majority in its own right. By contrast, at the state level, many, though no means all, governments are relatively stable, last their full course, and are either single party or smaller coalitions.'

And they further go on to say:

'The growth of regional parties is also naturally associated with a greater diversity on economic policies. Few state governments now exist at the mercy of the central government: state governments are either important regional allies of the Central government, or are in the opposition. Reflecting this power shift from the Centre to the states, the imposition of state rule from the Centre, so-called 'President's Rule', has become a much less widely used tool' (Howes, Lahiri and Stern 2003).

Sanjaya Baru (2000) argues for the same phenomenon of increasing role of the states from a class perspective and argues that the emergence of states should be attributed to the emergence of regional capitalists and regional bourgeoisie in the Indian polity. Sanjaya Baru attempts to demonstrate this taking the specific cases of Gujarat, Maharashtra, Tamil Nadu and Andhra Pradesh. He includes Karnataka also in the same list.

Rudolphs, Jenkins (Jenkins 2004) Howes, Lahiri and Stern, and Baru, all agree broadly on the increasing role of federalism after the liberalisation. While economic liberalisation has expanded the space of the states in federal economy, Jenkins (Jenkins 2004), characterising India as the 'laboratory of democracy,' says that:

' For the very diversity that seemed at first a threat to its survival as a unified democratic state has also been manifested institutionally in the form of federal political system. Indeed, many commentators have attributed the longevity of political

pluralism in India to the existence of a robust form of federalism that serves to combat tendencies towards over-centralization of power, create opportunities for the expression of voice, and quarantine political conflicts within regional arenas before they can engulf the apex of the political system' ( Jenkins 2004).

The discussion of federalism is important in the context of economic reform and political decentralisation for two reasons: a) the nature of federalism has changed since the reforms; b) the changed nature of 'federal market economy' has ramifications for the process of decentralisation further down the political system. Increase in the strength of the states in 'federal market economy,' as the Rudolphs describe, need not necessarily lead to further decentralisation in the political system. The latter depends on 'agency,' i.e., political leadership, and other crucial factors such as political culture and political history of the states.

Another factor that has crucially strengthened the states is the emergence of coalition politics crucially at the central level. Coalitions mean that the regional and state-based parties and their support to national parties in forming coalitions become crucial. This has vastly increased the power of the regional and other smaller parties in their bargaining with the Centre. This was obvious in the previous NDA government and in the present UPA government. Regional and quasi-regional parties have used this enhanced bargaining power almost at the cost of holding the central government to ransom, to clinch economic deals and also loans from multi-lateral donors. While discussing the changing nature of federalism, we need to keep this crucially in mind.

In the following we attempt to trace to an extent, the evolution of the devolution process in the two states of Andhra Pradesh and Tamil Nadu. Detailed discussion of historical evolution of the devolution process is quite complex and the limitations of space of a single paper forbids us to go into it in detail.

## **Andhra Pradesh**

Andhra Pradesh (AP) is a state, which was formed on 1st November 1956. After its formation and following the Balvant Rai Mehta Committee Report, the rural local bodies were initiated through the Andhra Pradesh Panchayats and Zilla Parishads Act, 1959. Andhra Pradesh was one of the first states to implement Panchayati Raj and local governance along with Rajasthan in 1959. But the state has seen many ups and downs in the local governance system.

After passing of the 1959 Act, statutory bodies were established at Zilla level as Zilla Parishads, Taluk level as Panchayat Samitis and at village level as Gram Panchayats. In the scholarly literature the evolution of local bodies in AP is divided into six phases. The first phase is from 1959 to 1965. The second phase is from 1965 to 1970. The third phase is from 1970-78. The fourth phase is from 1979 to 1985. The fifth phase is from 1986 to 1994 and the sixth phase is from 1994 to the present. The history of local bodies in AP is complex with many ups and downs.

While our purpose in this chapter is not to go deep into the history of local bodies in AP we briefly narrate here the salient points of each of the five phases that preceded the present sixth phase.

The achievement of the first phase is basically to establish Taluk Panchayats and Zilla Panchayats at Taluk and Zilla levels respectively. The village Panchayats already existed in the areas that were hitherto part of Madras Presidency and the state of Hyderabad of Nizam. The 1959 Act came into operation on 11<sup>th</sup> October 1959 with the then Prime Minister Jawaharlal Nehru inaugurating the Shadnagar Block in Mahabubnagar district. Nehru inaugurated Panchayati Raj first in Rajasthan on 2nd October 1959, only a few days before Nehru launching it in AP. A committee headed by the then ICS officer M. Purushottam Pai had studied the implementation of the 1959 Act and recommended the reduction of blocks from 448 to 321. In the light of the Pai committee, the 1959 Act was amended and a new Act was enacted in 1964.

*The Andhra Pradesh Gram Panchayati Raj Act of 1964* laid down the foundation for rural local governance in AP. The new Act enunciated *Grama Sabha* at the village level and strengthened the Panchayat Samiti (Block) at the Taluk level and Zilla Parishad at the Zilla level. The Grama Sabha was to consist of all the voters at the village level. While the basic structure of local governance was established, the main problem was with resources. The local governments were cash-strapped. Noting the system of rural local governance that emerged in the aftermath of the 1964 Act, Haragopal and Sudarshanam say:

'Panchayati Raj in the state had been from the beginning an integrated structure of democratic, self-governing bodies with the Gram Panchayats at the base, the Panchayat Samiti in the middle and the Zilla Parishad at the apex. Its political and administrative wings were separate, the latter being the agency through which plans and programmes were executed by Panchayats. The administration was also an integrated structure descending from the district development officer at the district level to the worker at the village level. Though the powers and functions were decentralised at the village, samiti and district levels, the state government retained supervisory and administrative control through the Department of Panchayati Raj.' (Haragopal and Sudarshanam 1995, pp19-20).

The Panchayati Raj system that evolved after the 1964 Act also led to criticism on three counts: firstly, the role of MLAs, MLCs and MPs in the two upper tiers; secondly the role of bureaucracy which got strengthened because of the nature of the system; and thirdly, on the account of paucity of funds for local bodies. A committee headed by Vengala Rao was appointed and the committee suggested changes in the setup.

The second phase is said to have lasted only for five years, 1965 to 1970, during which the some changes were suggested: a) barring MPs and legislators from holding posts in the two upper tiers; b) restricting the powers of the Panchayat heads at all the levels from holding unconditional powers and at the same time devolving them to local committees; c) removal of party symbols being used in elections to local bodies at any level; d) improving the finances of local bodies.

The third phase in the evolution of rural local governance in AP is supposed to have lasted for eight years from 1970-1978. During this period a high power committee was instituted in 1971 and was headed by a bureaucrat, namely, C Narsimhan.

The Narsimhan Committee made wide-ranging recommendations. In spite of the Narsimhan committee report no new changes were made till 1976. In the light of the Vengala Rao committee (1968) and Narsimhan committee (1972), the Panchayat Act was amended; the new act was titled The *Andhra Pradesh Gram Panchayats (Amendment) Act, 1976*. This happened prior to the amendment Act vis-à-vis Samitis and Zilla Parishads. The latter were amended in 1978 through the Panchayat Samitis and Zilla Parishads Act, 1978. The major changes brought through the Act were that the sarpanches to the Grama Panchayats, the Samiti Presidents and the Zilla Parishads were to be elected directly and the reservation for SCs, STs and women was retained and the reservation was also extended to backward castes. Thus the third phase of the evolution of local governance system was significant.

Haragopal and Sudarshanam describe the fourth phase as lasting from 1979 to 1985. This phase is marked by a realisation that the local government bodies are stagnating in the state, as there were no regular elections. A committee chaired again by Narsimhan felt that the spirit of local bodies in the state is sagging:

'Panchayati Raj bodies during the twenty years of their existence had passed through varying phases: a phase of dynamism, 1959-1964; a phase of stagnation, 1965-69; and a phase of decline, 1970 onwards. They operated on a low key for almost a decade and ultimately the Zilla Parishads and Panchayat samitis had been superseded and put under official control. No elections to Panchayati Raj bodies had been held for about a decade.' (Haragopal and Sudarshanam 1995, 21-22).

The fifth phase in the history of local bodies was during 1986-94, which happened conterminously with the emergence of regional politics in Andhra Pradesh. The move to change the Panchayati Raj system was made in 1986 by the N.T. Rama Rao-led TDP government, which came to power in 1983. The Andhra Pradesh Mandala Prajaparishads, Zilla Praja Parishads and Zilla Pranalika Abhivrudhi Sameeksha Mandals Act, 1986 was the result of the effort of the TDP government. There was an attempt to remove the Grama Panchayats altogether but this was taken back owing to strident criticism within and outside the government.

The fifth phase of the Panchayat system was decisive in its changes. The Panchayat Samiti was abolished and from out of 330 Panchayat Samitis, 1,104 Mandal Parishads were created at intermediate level. The chairperson of the Zilla Praja Parishad was to be elected directly; and the intermediate tier, that is, the Mandal Praja Parishad, became closer to people constituting of fewer villages and Grama Panchayats, than the Panchayat Samitis were earlier. Haragopal and Sudarshanam (1995) provide a detailed view of the changes brought about by this system. The sixth phase in the history of local bodies came somewhat later with the promulgation of constitutional amendments in 1992. The most important aspects of the changes made by the NTR government were that, a) the changes were brought in by a regional party which was decisively popular and populist; b) these changes were accompanied

by the complete overhauling of the rural and urban administrative systems, particularly the former.

Along with replacing the middle tier Panchayat Samitis with the smaller and more numerous mandals, thereby further decentralising the system, the NTR regime also abolished all the hereditary village-level officials; so that the entire revenue, law and order, and village governance systems were changed not only at the political level but at the bureaucratic level as well. We will return to this aspect.

In the sixth phase after the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments Andhra Pradesh has adopted the conformity law and follows the constitutional amendments. One aspect that comes out clearly in the case of Andhra Pradesh is that the state governments have tampered with the local bodies frequently. The evolution of local bodies in that sense is closely linked with the evolution of politics at the state level itself. While the popular interest shows that citizens at the local level take active interest in local level politics the interest of governments at the state level was to ensure their own political interests by constantly modifying and restructuring local-level governments.

The situation of AP in decentralisation and local governance is a mixed one. Here the conformity laws came into force in 1993, and the Telugu Desam regime also came into power in 1993. Since then while the economic reforms have been pursued with great vigour and AP became a 'model state' for economic reforms, the local governance institutions suffered most. Nowhere in the country the relationship between economic and governance reforms on one hand and economic reforms on the other is as stark as in the case of Andhra Pradesh.

The important aspect is that while concentrating on the development programmes through the *Janmabhoomi* programme, the TDP government, which governed the state from 1993 to 2004,

has followed the advice of multi lateral donors such as World Bank and bilateral donors such as the DFID and also international consulting firms such as Mc Kinsey & Co. The Naidu government also initiated an entire set of very progressive reforms in implementing the usage of computers and information technology in service delivery. This is particularly so in case of streamlining the Registration Department through a programme called the CARD programme. Two things are important to note here. One, in implementing these governance and economic reforms the TDP government largely followed the advice of a consulting company called Mc Kinsey, which prepared a document called the AP 'Vision-2020' document. Secondly, these governance reforms were also following the advice of multilateral and bilateral donors. The governance reforms, which accompanied this new model of development, have affected the decentralisation and local government adversely.

One reason for this appears to be that while the TDP during its rule dominated the state assembly, the local bodies were largely represented by the Congress party. It is argued that since the local bodies were dominated by the Congress party the TDP showed reluctance to share powers with the local bodies. This argument was to some extent endorsed by James Manor and Benjamin Powis.

It is certainly a notable fact that the Naidu government had succeeded in large measure in attracting FDI and in laying infrastructural foundation for Information Technology and related sectors, and had given encouragement to these sectors through many concessions and exemptions. Noting some of these aspects Mooij comments:

‘...there were several major discrepancies between plans and implementation. Nevertheless, a number of bold steps including unpopular measures have been taken, such as a power sector reform involving a steep price rise in electricity charges for a wide variety of consumers, fiscal measures including a cut in food subsidy, and a partial lifting of

prohibition. There have been reforms in many policy areas, but the two areas the TDP leadership identified most with were the promotion of a modern industrial sector (most prominently information technology, but also pharmaceutical industry and bio-technology) and administrative reforms' (Mooij, 2007,38-39).

The problem was that the funds for governance reforms, particularly for the *Janmabhoomi* programme, had come with recommendations that were not suited for nurturing and developing already existing institutions. This was so particularly in the countryside. The *Janmabhoomi* programme supposed to be based on a South Korean model called *Saemul Undong* brought together delivery of all the rural development programmes under one umbrella. This was paradoxical.

While the Naidu government brought all the development programmes under one umbrella, at village level, each activity was managed by any one separate agency. Thus school education was managed by School Education Committee, Watersheds were managed by watershed committee and common property resources such as water and forest were to be managed by separate committees—water users' associations and watershed associations. There was, for about eleven years, from 1993 to 2004, no relationship between these multiple institutions and the constitutionally mandated local government institutions. These multiple organisations were under the umbrella of *Janmabhoomi* but this umbrella or omnibus body had no relationship or connection with the local governance institutions or Panchayats. In other words, these institutions under the overarching structure of *Janmabhoomi* have come to be parallel institutional structures to constitutionally mandated local government institutions.

Therefore, in the case of Andhra Pradesh, while economic reforms were quite successful and brought in much needed infrastructure

for high-end economic activities in the tertiary sector, the governance reforms ran counter to the political decentralisation programme. Here is a classic case of economic reforms and associated governance reforms being squarely at loggerheads with the constitutionally mandated decentralisation process.

Decentralisation reforms were part and parcel of economic and governance reforms. While in Andhra Pradesh many of the economic and governance reforms were adopted the decentralization reforms were either underplayed or were by passed through the 'second wave of decentralization', i.e., through user committees. The fact that two different parties controlled the state and local governments respectively also added to the problem.

On paper, during the period 1993 to 2004, the AP government devolved 17 items in the 11<sup>th</sup> Schedule to the Constitution but in reality only limited items such as drinking water, sanitation and village streetlights were devolved to Panchayats. The powers related to the primary and secondary education were taken away from Zilla, Mandal and Village Panchayats and were given to the Education Department at the District and Mandal levels and to a user committee called school education committee at the village level. These school education committees at the grassroots level were supported financially by the DFID. The powers related to rural watersheds were taken from Panchayats and were given to a user group called the Watershed committee. The powers related to the local village forests were given to the Village forest protection committee (*Vana Samrakshana Samitis*) taking away these powers from Panchayats. The World Bank financed the watershed committees and the village forest committees. The same is true with the water users' committee, which replaced local government institutions in the exercise of powers over local water bodies. The World Bank also supported the water user committees. Jos Mooij notes that:

'Institutional reform was further attempted through the organization of stakeholder groups. The most prominent example was the introduction of participatory irrigation management. Similar initiatives were taken in other sectors as well. The underlying idea was that stakeholder organizations would help in raising local ownership, financial contributions as well as government accountability and quality of services. The model was pushed by international donors, which have funded many of the sectoral reforms in AP, but it was also strongly endorsed by the TDP leadership.

Altogether, the impression was consciously created that the AP reforms signalled a new development strategy' (Mooij 2007,pp 38-39).

Thus though the state government appeared to be interested in local government and claimed to have devolved 17 items of the 73rd Amendment to local government institutions, the reality was quite different. Many of these functions and powers devolved were taken over by the user committees. These steps have rendered decentralisation only a namesake phenomenon.

Interestingly, all the user committees that were instituted were instituted in the name of participation. The government claimed that the user committees were set up only to encourage participation of local communities and ownership of the programmes. But the reality is that since the user committees were also operating in the same social context as the Panchayats, they were no better than the Panchayats; the very same institutions that encouraged and supported the economic reforms thus marginalised local governance institutions.

The situation is not different in the post-2004 scenario either. The Congress government, which took over in 2004, has continued

with the same policy of maintaining the user committees and has not done much to improve the phenomenon of marginalisation of the local government institutions.

Summarizing the experience of Andhra Pradesh, one cannot help but say that in the post-reform period the economic reforms were given top priority while the political decentralisation was given the go-by. There is a direct linkage in the case of Andhra Pradesh between economic reforms and political decentralisation. Had economic reforms focused on rural sector, carried out land reforms (in the older sense of the term) and ensured decentralised governance, the democratic processes and politics would have strengthened. Instead the successive governments in Andhra Pradesh focused more on Hyderabad-centric high technology development and neglected rural development and democratic governance in rural areas. However, the emphasis on IT, BT, pharmaceuticals and such sectors was in itself not incorrect, given the historical situation.

Did the regional party, TDP, which was in power for more than a decade in Andhra Pradesh, and relentlessly championed federalism and continues to do so, strengthen decentralisation? Does the strengthening of state-level regimes owing to economic reforms, lead to further decentralisation? The point regarding Andhra Pradesh is that under a strong regional party leadership the federal demands were always high. TDP pressurised the NDA government at the Centre for all its demands, thanks to the coalition politics. TDP supported the NDA from outside and made the most of it in terms of economic demands; the same TDP underplayed or was even hostile to decentralisation process. Here is a case of federal politics where strengthened state level regime, both owing to the emergence of economic reforms and coalition politics at the Centre, has been reluctant to devolve powers further down the political hierarchy. Is there a pattern in this? With this discussion of Andhra Pradesh we turn to Tamil Nadu.

## **Tamil Nadu**

Tamil Nadu has a long history of decentralisation. Interestingly though, as we see later, this history is an aborted one. The roots of decentralisation in Tamil Nadu go back in history as far as 2000 to 3000 years. In ancient Tamil Nadu, in a largely agrarian civilisation, the villages had a local democratic governance system known as *oor avai*. Though the central authority might have been a monarchy, the villages had local democratic self-governing institutions. Villages had a complex but very authentic system of local self-governance. Under the Cholas, for example, the local governance system contained of four tiers: a) ur, b) Sabha, c) nadu and d) nagaram. The ancient inscriptions found at Uttaramerur are supposed to contain all the details of the local governance system. After the Cholas and under the Vijayanagar and later Muslim rulers the powers seemed to be more centralised and the village institutions declined. These were again revived only after the taking over of the governance by the British.

The British colonisers took their foothold in Tamil Nadu early and established the Madras Presidency here much earlier than in other places such as Bengal and Bombay. The British rule had strong impact on the local governance system as well in Tamil Nadu. The British attempts to establish local governance system go as far back as 1871 when Lord Mayo's Resolution on Provincial Finance, 1870, was implemented in the Madras Presidency. According to some studies (M Aram 1995) some subjects such as medical relief, sanitation, public works and elementary education appear to have been started much early. The initial British efforts also included an attempt to reduce the financial burden on the British government and to allow local bodies to manage themselves so that the British government was not saddled with the burden of maintaining local services and amenities.

The second most important phase of the development of local government in Tamil Nadu was ushered in by Lord Ripon's historic

resolution termed as the Madras Local Bodies Act, 1884. The intention of the British was not to promote Gram Swarajya or Nagar Palikas as we understand today. But as eminent historians argued, it was an attempt to take off the burden of the local government from the colonial masters. In this, the British used the subsidiarity principle, as we know it today. Lord Ripon's resolution had deep impact on the historical evolution of decentralisation in Tamil Nadu. Though the British pursued decentralisation for their own reasons, the local people also benefited from the resolutions. Following the Ripon resolution, the towns and villages could elect their own representatives. While 'elections' were introduced, we are not sure whether the electorate included universal adult franchise.

Ripon's resolution created district boards, Taluka boards and Union (a cluster of villages) boards. These local bodies were entrusted with the functions of construction and maintenance of hospitals and medical clinics, public health and elementary education. Under the resolution, the Union boards could levy house tax and maintain the basic amenities mentioned above in villages. These reforms appeared to have made Ripon quite popular among the local people. He came to be regarded as the father of local governance (*swala swaya atchi*). The popular admiration for Ripon's reforms made the local people say that 'Ripon is our Appan (father)' (M Aram 1995). These resolutions were followed by other measures for local governance with the appointment of Royal Commission on Decentralisation in 1907.

The Royal Commission has evoked much discussion among the nascent nationalist movement in India. Congress leaders and public figures like Gopalakrishna Gokhale and C P Ramaswamy Iyer took active role in the deliberations and discussion on the subject. It was in 1920, after a long public debate that the *Madras Village Panchayats Act* came into force. One of the main features of this Act was that the

local bodies were allowed to levy taxes such as profession tax, house tax and taxes on private companies. After the implementation of the Act for ten years it was amended and a new Act namely *Madras Local Boards Amendment Act, 1930*, was enacted. This was followed by *Madras Village Panchayat Act, 1941*. This Act was followed after another ten years by *Madras Panchayats Act, 1950*. This Act of 1950 was the first Act in Madras Presidency after Independence. Though the local bodies thus took shape after Independence, they lacked sufficient resources to function effectively on local issues. After eight years of the implementation of this Act, the Madras Panchayats Act was enunciated in 1958.

It is the Madras Panchayats Act of 1958 that in reality established the rural local governance in Tamil Nadu. This Act has envisaged a District Development Council at the District level and made the intermediate tier that is the Taluka level, stronger. The 1958 Act is crucial for rural local bodies in Tamil Nadu because it laid the foundation for the future evolution of rural elected bodies till the 93rd Constitutional Amendment. In the history of local governance in Tamil Nadu during the period from 1958 to 1994, till the latter date on which the New Panchayati Raj system was enacted in Tamil Nadu, the 1958 Act was under operation. One author sums up this system:

The strength of this system lay in that the Panchayat Union or Samiti, coterminous with the Community Development Block, had come to stay. The district council [i.e., the DDC], though continued to remain an advisory body. Even when neighbouring states like Karnataka and Kerala went in for stronger district bodies with executive powers, Tamil Nadu did not feel inclined to do so. (Aram 1995).

The point is that for a long time before the 73<sup>rd</sup> Amendment the rural local governance in Tamil Nadu was without Zilla Parishad at district

level. Another important point to note is that the rural local bodies were neglected to some extent. The typical problems that plagued many a state in the country also affected the system in Tamil Nadu. Elections were not held periodically and little importance was attached to them. The elections were often postponed. Writing about this period Aram says: 'the state government as well as the political and bureaucratic leadership was reluctant to share power with the Panchayats' (Aram: 1995, pp196). Since 1958 to 1986 the polls were held only twice in 1965 and 1970. '[Elections] had been put off on one pretext or the other, such as drought, flood, cyclone and student unrest' (Aram 1995, pp196); elections were held in 1986 and these were held on party lines in town Panchayats and the chair persons of the Panchayat Unions were elected directly. However those contesting at village level participated in elections on non-party basis. This continued till 1994.

What is the situation of local bodies in Tamil Nadu since the 73<sup>rd</sup> and 74<sup>th</sup> Amendments?

The Tamil Nadu Development Report published in 2005 holds that the attitude of the Tamil Nadu government towards the Constitutional Amendments is lackadaisical. The Act was passed on 19<sup>th</sup> April, 1994, without any discussion in the state assembly, and the bill received the assent of the Governor on 22<sup>nd</sup> April 1994. This is a new beginning for local governance institutions in Tamil Nadu. However, the TNRD has this to say:

'It looks as if the Act was passed more out of compulsion brought about the Constitutional Amendment and not out of any conviction. It looks as though all political parties have the same mindset when it comes to the question of local self-governance....Even after passing the Act elections were not held immediately. Elections were held only after a new government took over after assembly elections in 1996' (TNRD 2005, pp 312-313).

After the elections, 12,619 village Panchayats, 384 Panchayat unions and 28 District Panchayats were constituted. For urban local self-governance, the Tamil Nadu Urban Local Bodies Act 1998 was enacted in the same year. The Act came into effect from 1<sup>st</sup> August 2000. The TNR has this to say about this Act: 'However, due to representations received from the elected representatives the Act has been kept in abeyance from 23.8.2000. Only the earlier Acts are now in force.' (TNR pp 312-313)

Though there is substantial amount of progress after the Constitutional Amendments, the overall situation is not very encouraging. The bureaucracy and higher-level political representatives seem to dominate the elected representatives of local self-governing institutions. The TNR puts this succinctly in the following manner:

'While all the enactments were passed with the objective of creating Self Governing Local Institutions, in practice, they did not or could not function as Self Governing Institutions but function mainly as agencies of State and Central Government. The 29 items indicated in the 11<sup>th</sup> Schedule to the Constitution have not been entrusted to *Panchayats*. Similar is the case in respect of Urban Local Bodies' (TNR 2005. pp 40-41)

This indeed portrays a bleak picture of local self-governance in Tamil Nadu. Why is this so? We venture some explanation and this explanation is based on the political process of Tamil Nadu.

1. Partly because of the history of the backward caste and Dravidian movements which focused on strengthening powers at the state level;
2. Partly because of the focus on centre-state relations in which the state-level governments and state level-regimes jealously guard their interests vis-à-vis the Centre and central government.

3. Probably also because the creation of local self-government is seen as both dilution of the power of the state-level government giving the centre direct access to grassroots institutions bypassing the state government;
4. Partly because of the strong tradition of bureaucratic governance; where line departments of the government are accorded priority over handing powers to local self-governing institutions.

We try to elaborate these propositions below. These are also some reasons why the strengthening of the state-level economy through economic reforms actually makes the state-level regimes insensitive to devolution of powers to local government institutions. The stronger the state regime, the weaker will be the local self-governments.

Firstly, Tamil Nadu has a history of progressive backward class movement. The roots of this movement stretch as far back as the 19<sup>th</sup> Century. The backward class movement or movements have been active in state politics and have since beginning demanded their representation in politics, government jobs and educational institutions. These were essentially been non- Brahmin or even anti-Brahmin movements with backward classes not only claiming a share in the economic pie but also seeking social change and self-respect (Radhakrishnan 1996). These movements have viewed Brahmins as Aryan invaders who subjugated local Dravidians, who had their own language, culture and civilisation. From the beginning there has been a fusion of the backward class movements and the Dravidian movement. This has led to progressive affirmative action and reservation in educational institutions, in government jobs as well as in political representation in the state government. All the demands of the backward classes are not met and there are many divisions among the backward classes themselves. But two things are clear: one, there is a larger accommodation of the

middle and lower tiers of social structure in social, economic and political power sharing; two, the backward class movements combined with Dravidian, non-Brahmin self-respect ideology have increased the regional politics at the state level. These movements have given rise to strong Dravidian political parties— DK, DMK and AIADMK and other more recent ones.

The net result of the articulation of regional, backward class focus of politics was concentration of politics at the state level. The state government was seen as the important terrain of political contestation, sharing of power and political and economic accommodation. The Dravidian parties have always operated at the state level and focused on governance at the state level. An interesting result of this concentration of political power at the state level is that the sub-state or the lower tiers of governance in the state have never received due attention. All the political parties have always mobilised their constituencies for capturing and maintaining power the state level. This is the feature of the regional party regimes in Tamil Nadu and Andhra Pradesh also where when regional parties, both in Andhra Pradesh and Tamil Nadu, concentrate their power at the state level, these parties show reluctance to strengthen the lower tiers of governance. The Dravidian parties of Tamil Nadu and the regional party of Andhra Pradesh, the TDP, show the same trend. The net result of these processes is that political power gets concentrated at the state level without being devolved down the political order.

The second aspect is the Centre-state federal relations. This refers to the dissatisfaction among the states in general, and among the states led by regional parties in particular, that the federal relations are skewed in favour of the Centre. This dissatisfaction makes regional parties jealously guard their interests at the state level. This is owing to the fact that it is at the state level that these parties have their social and political base. This leads to frequent demands on the Centre for more powers for the states in political and economic arenas. Political and fiscal federalism are the favoured and significant aspects of the political discourse of

the regional parties. The political mobilisation of people and voters at the state level also happens along these lines.

It is a plausible explanation that the focus on federalism and Centre–state relations makes the regional regimes concentrate their power at the state level, as mentioned above, and also reduces the focus on further devolution of power to local bodies. The state leaders fervently demand powers from the Centre and frequently bypass the need to decentralise further. The Indian federal system also provides no incentives to further decentralise for the state governments. The federal system also provides no means for the Central government to compel state governments to carry decentralisation further down the political echelons.

The third aspect that is related to the above is that the state-level regimes, particularly those governed by regional parties, like in Andhra Pradesh and in Tamil Nadu, are wary of further decentralisation because they see this as a ploy of the Central government to weaken their hold over local powers and clientele. There is some amount of lack of trust between the states and the Centre when different political parties govern these two tiers. At the inception, regional parties viewed The Constitutional Amendments of 1992 in this manner. Often in such cases the state governments view democratic decentralisation as a process wherein the Centre, and the governments at the Centre, attempt to bypass the state governments to reach the grassroots of the polity. While such a view has receded of late, there is constant perception on the part of the state-level regional party governments that local bodies help Central government more than the state government. The political competition among the national and regional parties at the state level, wherein, often, the national parties claim credit for democratic decentralisation, does not help the decentralisation, much further in such contexts either.

Fourthly, particularly in the case of Tamil Nadu, a strong tradition of governance by state-level bureaucratic structure appears to be one of the limiting factors on decentralisation. As the TNDR mentions, at the

district and lower levels of the hierarchy of governance, bureaucracy plays a more decisive role than the elected representatives. This makes decision-making concentrated in the hands of the line departments. This is perhaps owing to the long history of colonial administration where subjects were ruled largely through its bureaucratic apparatus.

Together these aspects contribute in Tamil Nadu and also in Andhra Pradesh to the lesser importance given to the local governance institutions. Local self-governance is rather unlikely in such situations. We hold that these aspects are strengthened when the state-level political regimes are also bolstered by economic reforms. The economic reforms have a tendency to strengthen the state governments and when this happens, this further reinforces the tendency to the neglect of local bodies. In Andhra Pradesh, these processes have led to the creation of parallel bodies to local governance institutions. The state government in Andhra Pradesh, which was supported by the multi-lateral donors and bilateral donors, has deliberately bypassed the local self-governments. Whereas in Tamil Nadu the same process of reform and the strengthening of state regime appears to have reinforced the tendency to marginalize the local bodies. In such circumstances, both in Andhra Pradesh and Tamil Nadu, the phrase 'Local Self Governance' makes hardly any sense. This of course does not mean that no effort at local development takes place. The local level development in such circumstances takes place under the auspices of the state government and line departments.

It is an interesting proposition, in the light of recent experience of Andhra Pradesh, to argue that even national parties such as the Congress do not make much difference to local bodies. While this may be to some extent true, the national parties such as Congress or CPI(M) usually pay more attention to their high commands and follow their respective high commands in carrying out to the decentralization process. Political leadership and political culture also matter greatly in this regard.

For example, Madhya Pradesh under the leadership of Digvijay Singh of Congress party paid more attention to decentralization and human development than any other state of his time, even more than the ideologically oriented parties. In this connection, we may note that as Bhattacharjee (2008) argued, CPI(M)'s own record in West Bengal and Kerala is different.

It is also to be noted here that as George Mathew and others have argued, the higher level elected representatives, such as Members of Parliament and Members of Legislative Assemblies, have negative impact on local body functioning. The MP Local Area Development Funds and MLA Local Area Development Funds are often used to dilute the powers of Panchayats. But it is also true that MPs and MLAs build their social bases, patron-client relations and party cadres from grassroots level. In that sense, they might be, and often are, concerned about cadre-building through local institutions. While MPs and MLAs are often not interested in enhancing, or even exercising, the powers of local bodies at the expense of their powers, democratic politics can compel them to pay attention to local institutions. While this can be true, MPs and MLAs and local contractors do have a stake in diluting the powers of local self-government institutions.

## **Conclusion**

Andhra Pradesh and Tamil Nadu have witnessed high focus on economic reform (Kennedy 2004) but paid low attention to decentralisation. Andhra Pradesh and Tamil Nadu have also for the most part during the post-reform period, been led by regional parties that have jealously guarded their state-level powers and identities vis-à-vis the Centre. The demand of the regional parties for federalism was high. Paradoxically, further decentralisation from the state level to lower tiers of local government is low or only namesake. Summarising the experience of Andhra Pradesh,

one cannot help but say that in the post-reform period, the economic reforms were given top priority while at the same time the political decentralisation was given low priority. The same international donors that encouraged economic reforms also discouraged decentralisation process through Panchayats.

While comparing Andhra Pradesh and Tamil Nadu, we observe that there are commonalities in their approach to decentralisation and devolution. One difference between the two is that Andhra Pradesh has only one regional party—at the time of writing this paper—with its competitor being the Congress party; Tamil Nadu has more than one regional party and its politics are entirely dominated by them. An interesting commonality between these two states is that both states regularly demand from the Centre, whatever the party is in power, more political, administrative and economic policy making powers for the states. At the same time, both sidelined further decentralisation in their own states. Here, Andhra Pradesh being one of the first states to start Panchayati Raj along with Rajasthan, does not make any difference to its federal enthusiasm. Tamil Nadu has weak local bodies and with a strong tradition of bureaucratic rule, manages efficient service delivery albeit without local bodies. Andhra Pradesh lacks both.

This leads us to the question as to what is the relationship between federalism and decentralisation. Ideally federal demands for more powers to the states should have also resulted in more sharing of those powers with local self-government institutions. This does not seem to be happening. Federalism stops at the state level. Further decentralisation of power requires active struggles by civil society organisations such as advocacy groups and Non-Governmental Organisations (NGOs). In that case, does more federalism mean less decentralisation? That is what appears to be the case in the two states. Interestingly the nature of federalism is itself changing in India under

the aegis of economic reforms. A number of observers of Indian economy and polity have noted this. Now states and their governments are playing an active, even aggressive role in attracting foreign and domestic investments on a competitive basis. These processes resulting from economic reforms strengthen the states. In turn, the strengthened state-level regimes may or may not decentralise further. Often they do not. But all indicators after the Constitutional Amendments and their implementation are that because of the efforts of the civil society and the growing awareness of the ordinary people as they increasingly participate in democratic politics, even the states ruled by regional parties ultimately have to devolve the powers to local self-governments, sooner or later: the sooner the better.

## Notes

- <sup>1</sup> The term federalism connotes a larger meaning than decentralisation or devolution of powers. We entirely agree with the point that federalism connotes accommodation of diversity and difference within a nation-state and as a concept has larger scope than decentralisation of political power. We here use the term in a limited sense of decentralisation of political power from the centre to the states and further down the political level. While federalism as a concept is a larger concept, the same concept also contains a core political variable of distribution of political powers across units of nation-state horizontally and vertically. Therefore here we do not deal with questions of identity, ethnicity and difference in their many forms in a country as complex as India in this paper.
- <sup>2</sup> The championing of federal cause is less among national parties when compared to regional parties since they have their high command at the centre but intra-party dynamics even in national parties contain considerable dynamics of power equations between the central party and their regional chapters. The increasing tendency in Indian politics is that along with economic reforms, the rise of coalition politics since 1989 is also increasingly adding to the strength of regional leaders of national parties.

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