

CONCLUSIONS OF THE CONFERENCE

Key takeaways:

There is a need to build processes of deliberative democracy and participation of people in decision-making is key. A top down centralised and unidirectional approach needs to be replaced by empowered lower levels of Government.

Recommendations:

The architecture of institutions, mechanisms and the processes facilitating cooperative federalism and intergovernmental coordination need special attention.

I Institutions, Mechanisms and Processes

1. Several countries have established institutions dedicated to improve inter-governmental relations, cooperation and coordination. Institutions, mechanisms and processes are required for conflict resolution but more importantly for preventing conflict. Inter-Governmental (IG) institutions for developing horizontal IG relations apart from dispute prevention could become forums for joint-policy development on sub-regional issues (e.g. coastal ecosystems, forestry etc.). An Institution like Council of Australian Governments (COAG) is a unique apex level inter-governmental body which promotes policy reform.

2. Definite need for a mechanism to ensure better performance and accountability at different levels of Government e.g. through performance agreements. At present, in India, the Government Performance

Management System does not involve any agreements between federal and State Governments on service delivery. Under the aegis of the COAG, National Partnership agreements clearly set out milestones and performance benchmarks to be achieved. Performance measurements are increasingly replacing program controls and pre-conditions and are seen as being more effective because:

- (i) They are based on objective and transparent outcomes
- (ii) They permit subnational/local variations in the implementation of key programs
- (iii) These negotiated agreements bind subnational governments to success of the programs by putting the onus of responsibility on them.

3. India needs a dedicated empowered mechanism to facilitate inter-governmental relations [Revisit the role of existing institutions such as Inter State Council Secretariat, NITI Aayog etc.].

4. The Zonal Councils of Inter State Council need to be revived as they serve as a dispute prevention mechanism by providing an opportunity to discuss inter State and regional issues.

5. There is also a need for enhanced capacity creation at local levels.

II Fiscal Federalism

1. Fiscal federalism play a critical role in cooperative federalism. There is a high degree of centralization of fiscal powers in most countries but it is offset by a

collaborative mechanism by which goal-setting is done and is linked to fiscal transfers.

2. In most countries, there is a strong federal taxation structure; however, in countries such as Canada and Switzerland provincial or local governments generate substantial revenue.

3. In case of India Finance Commission's recommendations on fiscal transfers need to consider more explicitly the factors that determine Human Development Index (HDI).

4. India may also consider developing a shared vision (between Centre & States) of development priorities and minimum standards in key areas like social sectors, health and education. Such standards could be built into the Finance Commission recommendations.

5. At present, the planning cycle is not co-terminus with the Finance Commission cycle. There is a great opportunity here if we were to ensure that the development priority-setting coincides with the fiscal transfers under the Finance Commission.

6. Finally, the Finance Commission may also review the efficiency of tax collection. Tax-GDP ratio has been falling over the years.

III Internal Security and Crime.

1. On vertical and horizontal cooperation on internal security and crime, mechanisms have to be developed to build trust among various layers of governments. There is a need for the Prime Minister and the Chief Ministers to meet twice a year and arrive at a consensus on responses to critical internal security issues such as terrorism, Naxalism, economic offences, money laundering and

counterfeit currencies. Joint task forces should be created for inter-State crimes, for better prevention/better investigation and prosecution.

2. There needs to be a plan for capacity building of State police forces. Setting standards for recruitment that are free, fair and merit based and incentivizing States that follow these norms is important. The modernization of police funds were meant to be used for such incentivizing.

3. Intelligence sharing between Centre and States needs considerable improvement so that real time intelligence can be shared with the State governments as well as at the district level much faster.

IV Green Federalism

1. With regard to green federalism, while the responsibility for natural resource management is shared by the Centre and States, acts such as the Air Pollution Act, Water Pollution Act, Environmental Protection and the Forest Act and Forest Conservation Act etc. have increased the power of the Central government relative to what was envisaged in the Constitution.

2. India can learn from the example of Australia where standards set for the central legislation are based on a dialogue amongst state environment ministers. Other areas of collaboration include capacity building for implementing these standards.

3. Green federalism is an area where NITI Aayog could play a very useful role in balancing these two sets of considerations, environmental and developmental.

4. Clean technologies must be incentivized by the Centre through fiscal transfers.
