



An Institute for Civil Services

IAS MAINS

GIST OF
2 **ARC**
REPORT

**STATE AND DISTRICT
ADMINISTRATION**

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**STATE AND DISTRICT
ADMINISTRATION**

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INTRODUCTION

The Administration at the State level is the cutting edge of the public administration system in the country. Be it the issue of ration or electoral identity cards, procurement of food grains, implementation of employment guarantee schemes, supply of drinking water, mutation of land records, functioning of primary schools and healthcare centres or control of epidemics in the countryside, it is the instrumentalities of the State and District administration with which citizens have to interact.

The institutions of the State and District administration exist primarily to provide these services to the citizens. There are laid down rules and procedures for every aspect of the government's functioning and its interaction with the common man but, due to weaknesses of the bureaucracy, growing complexities of administration and absence of commitment and responsiveness, a wide gap has emerged between "Government" and "Governance".

What are the issues covered in this report?

The ARC identified the following issues and made specific recommendations:

1. Steps to ensure effective State administration
 - a. To encourage and promote appropriate changes in State Administration in the governance of the States to achieve envisaged outcomes.
 - b. Changes required in the State Administration to achieve the objectives.
2. Steps to ensure effective District Administration
 - a. Progressive modernization and transformation of district administration in form and content keeping in mind the centrality thereof in regulating, facilitating and delivering services at the grass-root levels.
 - b. Bringing about systemic changes to infuse and sustain vibrancy and responsiveness.
 - c. Streamlining and fine-tuning a comprehensive and accessible public grievance handling and redress mechanism.
 - d. Greater devolution and delegation of functions and resources to the local levels.
 - e. Examine the coordinating and leadership role of the District Officer in developmental activities and enlisting peoples' participation therein.

STATE ADMINISTRATION

Introduction

Constitutional provisions, Union and State laws as well as policies and programmes for economic and social development are relevant to the daily lives of the people only to the extent they are implemented honestly and efficiently. The Constitution of India gives a special role and responsibility to the State Governments for preserving public order and ensuring the welfare of citizens. The Seventh Schedule which clearly demarcates the legislative and functional domain of the Union and the State highlights the critical role envisaged for State Governments in fulfilling the aspirations set out in the Directive Principles of State Policy.

Relevant Recommendations of the Commission in its Earlier Reports

While contemplating reforms in the State and District Administration, there are some areas in which action needs to be taken primarily by the Union Government and in such cases, the States' role would be to provide support and cooperation to the latter in the measures taken to implement the recommendations. While in other areas appropriate reform actions have to be initiated by the State governments themselves.

Recommendations for Restructuring State Governments

In addition to the issues and recommendations mentioned above, the Commission has analysed the following major aspects of State Administration in the current Report:

- Size of the Council of Ministers
- Rationalizing the number of Secretariat Departments
- Separate Focus on Policy Making and Implementation
- Executive Agencies
- Internal restructuring of the State Government Departments
- State Civil Services Law
- Appointment and security of tenure at senior levels in the State Government
- State Public Service Commission

A. *Size of the Council of Ministers*

The State executive consists of the Governor, who is the Constitutional head of the State, and the Council of Ministers with the Chief Minister as the head. Each Minister of the Council of Ministers is in charge of one or more departments and the business of the Government is carried out through Secretaries functioning at the State level.

Over a period of time, partly due to administrative needs and partly due to compulsions of coalition politics, there has been a significant proliferation of Ministers and Departments in almost all the States. This proliferation has led to administrative fragmentation. The present size of the Council of Ministers in the States appears to be disproportionate, particularly in view of the establishment of the third tier of Government, to whom substantive powers and functions have to be devolved as mandated by the Constitutional 73rd and 74th Amendments.

An attempt was made to address this issue by way of the Ninety first Constitutional amendment (91st AA) introduced with effect from 01.01.2004 by restricting the size of the Council of Ministers to a maximum of 15% of the strength of the respective State Legislative Assembly but the problem still persists. In bigger States (like U.P. where the Assembly has a strength of 404 legislators), even this restriction has not prevented formation of large sized Ministries.

Recommendations

- **The size of the Council of Ministers in the States needs to be reduced further considering the needs of an efficient government. For this purpose the maximum size of the Council of Ministers may be fixed in a range between 10% to 15 % of the strength of their Legislative Assemblies.**
- **In the larger States (where membership of the Assembly is more than 200), maximum percentage should be 10% where as in the medium (where the strength of the Assembly is between 80 and 200) and the smaller States (where the strength of the Assembly is below 80) it may be 12% and 15% respectively.**
- **It may be ensured that the maximum number of Ministers permissible for the medium sized States should not exceed the number prescribed for a large sized State having 200 legislators and similarly, the maximum number of Ministers permissible for the smaller States should not exceed the number prescribed for a medium sized State having 80 Legislators. There may not be any prescribed minimum.**

B. Rationalising the Number of Secretariat Departments

The Secretariat is the top most echelon of the State administration and its main function is to assist the political executive (the Chief Minister and other Ministers) in maintaining peace and law and order and designing policies for the socio-economic development of the State as well as in carrying out legislative responsibilities of the government. The political executive is elected for a fixed tenure, but the Secretariat consists of civil servants and others who are permanent employees of the government. Hence the Secretariat works as a memory bank providing continuity to government policies and programmes.

Over the years, due to continued expansion of governmental activities in all sectors and also to some extent due to the self serving tendencies of the system, there has been a marked increase in the size of the State secretariat. There has also been accumulation of multifarious and unnecessary tasks and expansion of executive work. Though, from time to time many States have constituted their own Reforms Commissions, the system has remained by and large immune to change. The overall impression of the Secretariat is of an unwieldy, slow-moving organization with an in-built propensity for delays.

Recommendations

The number of Secretariat Departments in the States should be further rationalized on the following basis:

- **The existing departments covering inter-related subjects, activities and functions should be merged;**
- **Need for synergy between the activities of various departments**
- **Devolution of a large number of functions to the PRIs**
- **The role of Secretaries to be redefined and to be divested of non-essential responsibilities and executive work and larger delegation of power to the executive departments/agencies**
- **Need for streamlining the decision making process.**

C. Separate Focus on Policy Making and Implementation

There are two broad tasks of the government. The first is formulating policy in pursuance of objectives that the political leadership specifies, and the second, implementation of that policy. In a democracy, it is the

political leadership-assisted by the civil servants - which sets the vision, goals and strategic directions. But sound institutional arrangements play an important role in translating the vision, goals and strategic directions into effective action.

At the heart of preparing policy proposals is due consideration of future implications, estimating the costs of competing policy options within a disciplined framework of aggregate expenditures, ensuring horizontal coordination where policies are spread across a number of departments where delivery mechanisms are similarly divided between different parts of the government, and introduction of policy evaluation systems.

D. Executive Agencies

Separation of policy and implementation would also call for changes in how the policy implementing agencies are structured. Implementation bodies need to be restructured by giving them greater operational autonomy and flexibility, at the same time, making them responsible and accountable for what they do.

The Executive Agency is an organization in the public sector, analogous to the self-contained, quasi-autonomous division of a corporate body. 'Agencification', that is, extensive use of executive agencies in administration has been found useful in conducting an extremely wide range of functions and has been the cornerstone of public service reforms around the world.

Recommendations

- **The State Governments should scrutinize the functions/activities of each department to confirm whether these activities/ functions are critical to the mission of the department and can only be carried out by government agencies.**
- **Only those functions/ activities that have to be carried out by the government should be carried out directly by the departments. Other functions/ activities should be carried out by Executive Agencies of the department.**
- **Each Executive Agency, whether a new body or an existing departmental undertaking/ agency/ board/ special purpose body, etc. that is converted into an Executive Agency, must be semi-autonomous and professionally managed under a mandate. Such executive agencies could be structured as a department, board, commission, company, society, etc.**
- **There is need for a right balance between autonomy and accountability while designing the institutional framework of executive agencies.**

E. Internal Restructuring of the State Secretariat

Apart from the above, there are some important procedural issues related to the functioning of the Secretariat in the States which too need to be reformed. They are internal reorganization, process re-engineering, simplification of government processes and recasting the Manual of Office Procedures.

The Commission has examined these issues in detail in its Report on "Organisational Structure of Government of India" with reference to functioning of the Central Secretariat and has suggested a large number of measures to make the system efficient, responsive and citizen-friendly such as

F. State Civil Services Law

In its Tenth Report on "Refurbishing Personnel Administration", the Commission has recommended a series of measures for reforming the civil services of the Union Government. In order to provide legislative backing to these measures, the Commission has recommended enactment of a Civil Services Law which will cover all personnel holding civil posts under the Union. As recommended, the proposed law would have the following salient features:

Civil Service Values

- Absolute integrity at all times
- Impartiality and non-partisanship
- Objectivity
- Dedication to public service
- Empathy towards weaker sections

Code of Ethics

- **Integrity:** Civil servants should be guided solely by public interest in their official decision making and not by any financial or other consideration either in respect of themselves, their families or their friends.
- **Impartiality:** Civil servants in carrying out their official work, including functions like procurement, recruitment, delivery of services etc, should take decisions based on merit and free from any partisan consideration.
- **Commitment to public service:** Civil servants should deliver services in a fair, effective, impartial and courteous manner.
- **Open accountability:** Civil servants are accountable for their decisions and actions and should be willing to subject themselves to appropriate scrutiny for this purpose.
- **Devotion to duty:** Civil servants should maintain absolute and unstinting devotion towards their duties and responsibilities at all times.
- **Exemplary behaviour:** Civil servants should treat all members of the public with respect and courtesy and at all times should behave in a manner that upholds the rich traditions of the civil services.

Recommendations

- **The Commission reiterates that the recommendations in its Tenth Report pertaining to the Civil Services Law and Civil Services Authority should be implemented by the State .**
- **In order to provide appropriate legislative backing to these reforms, each State Government should enact a Civil Services Law for all the personnel holding civil posts in the State (on the lines of the proposed Union Law).**
- **However, in order to evolve a national consensus and ensure a measure of uniformity among States, the matter may be taken up for deliberations at the Inter-State Council.**

G. Appointment and Security of Tenure at the Senior Levels in the State Government

In the present system of State administration, top level assignments such as Heads of Departments and Regional/Zonal Heads are manned by officers of the All India Services. The supporting positions are held by senior officers of various State services. The Chief Secretary is the senior most officer of the State administration and assists the Chief Minister/Council of Ministers in all matters of governance. Then there are Principal Secretaries who are in-charge of various departments such as Home, Industries, Finance, Forests, Agriculture, Health, Public Works Department (PWD), Water Resources etc. who work in conjunction with the respective Ministers.

The issues concerning appointments to these highest levels of administration and the security of their tenure have been points of debate since Independence. Often, the process of such appointments is found to be lacking in transparency and objectivity. Transfers are frequent and often coincide with the change in the political regime; the duration of tenure is thus uncertain. All this leads to instability of the administration and lack of faith in the system among the common people.

There is need to introduce methods which would impart greater credibility to the appointments process, it should be impartial and merit based. It should also appear as to be so in the eyes of the stakeholders and the public. Selection of officers having unimpeachable conduct, integrity and professional competence is an essential requirement of good governance

H. State Public Service Commission

Articles 315 to 323 of the Constitution deal with Public Service Commissions, both at the Union and the State level.

Article 320 of the Constitution of India lays down the functions of the State Public Service Commission. The functions of the State Public Service Commission are - to conduct examinations for appointment to the services of the State and the State Public Service Commission will be consulted by the State Government on the following issues:-

- On all matters relating to methods of recruitment to civil services and civil posts
- On the principles to be followed while making appointments, promotions and transfers to civil services and posts
- On all disciplinary matters of a person serving the government of a State in a civil capacity, including memorials or petitions relating to such matters
- On any claim by a person, who is serving or has served the government in a instituted against him in respect of acts done or purporting to have been done in the execution of his duty, shall be paid out of the consolidated fund of the state
- On any claim for the award of a pension in respect of injuries sustained by a person while serving under the government in a civil capacity and any question as to the amount of any such award.

In the early years of Independence, State Public Service Commissions throughout the country functioned well primarily on account of the fact that: There was objectivity in selection of competent and experienced people as Chairman and Members of the Commission. (b) The Commissions enjoyed excellent reputation for objectivity, transparency and fairplay.

Issues

But in recent years, this Constitutional body has suffered extensive loss of reputation in many States, mainly on account of: (a) charges of corruption, favouritism and nepotism in matters of recruitment and (b) use of archaic processes and procedures in its functioning which leads to inordinate delays. For example, the civil services examinations conducted by a State Public Service Commission take a minimum time period of one and half year to complete. In some cases, it may take even longer.

The following issues need to be examined in this context:-

1. Appointment of chairman / members

Currently, the Chairman / Members of the State Public Service Commission are appointed by the Governor in accordance with provisions described in Article 316 of the Constitution.

Recommendations

- In making appointment to a State PSC the Governor should consult the chairman of the UPSC and the Chairman of the State PSC.
- At least one member of the State PSC should belong to a different State.
- The minimum academic qualification for membership of a Commission should be a university degree.
- A member selected from among government officers should have held office under a State Government or the Union Government for at least ten years; and should have occupied the position of a Head of Department or Secretary to Government in a State or a comparable position in an institution of higher education.
- Members selected from non-official should have practiced at least for ten years in any of the recognised profession like teaching, law, medicine, engineering, science accountancy or administration.

2. Roles and functions of Public Service commissions

Article 320 deals with the functions of the Public Service Commission. Article 320(3) describes matters on which Union Public Service Commission or the State Public Service Commission shall be consulted

Recommendations

- The PSC should handle only recruitment of candidates for higher level posts under the State Government (Class I and Class II positions of various State cadres)
- Advising government on senior level promotions through the DPC and
- Recruitment and promotions to teaching posts in government Colleges and fully funded units of the Universities.
- With regard to the appointment of junior level functionaries of the State Government, the role of the State PSC should be to lay down broad norms and standards. The recruiting organisations concerned

3. Strength of the public service commission

The Constitution does not prescribe any limit on the strength of the Public Service Commission. By tradition, the size of this Body in the States has remained small. The Union Public Service Commission had a slightly larger strength.

The Commission is of the view that both (a) the matter of appointment of Chairman/ Members and their qualifications and (b) the matter of prescribing a limit for the strength of the Commission are complex issues. There is need to evolve a national consensus on these two issues among the States through discussions/ deliberations at the Inter-State Council.

Recommendations:

- Steps should be taken to ensure that persons of high standing, intellectual ability and reputation are selected as Chairman/Members of the State Public Service Commissions.
- A limit should also be imposed on the strength of its membership.
- There is need to evolve national consensus among States on the issues of appointment of Chairman/ Members and limit on the membership of the Commission, through discussions/deliberations at the Inter-State Council.

DISTRICT ADMINISTRATION

Introduction

Till the 1960s, when programmes of rural development were at a nascent stage, the Collector's job seemed to be carefully organized with land reforms, revenue collection, law and order, food and civil supplies, welfare and relief/rehabilitation being the principal areas of his responsibility. The needs of the people were limited, their interaction with the government was infrequent and the bureaucratic set up seemed to be dedicated. Under these circumstances, the office of the Collector was a strong and effective institution.

In the years that followed, a large number of new projects/schemes were initiated by various departments of the Government, with the Collector as the notional head of the District Monitoring Committee. Apart from making a formal review in monthly/ quarterly coordination meetings, the Collector had a somewhat limited role in such matters.

Towards the beginning of the 1980s, the development of rural areas got a further thrust and the government initiated a large number of Centrally Sponsored/State sector schemes in agriculture, rural development, primary education and healthcare. Though, separate instruments were created for their execution, the Collector, in most of the cases, was given the overall supervisory charge of the programmes in the districts. The Collector and his administration were expected to be omniscient and omnipotent; capable of providing solutions to all the problems.

But after the introduction of the Panchayati Raj system in the country (post 1993), most of the development functions have been taken away from the Collector's domain, although the State Governments feel it convenient to use this institution to exercise control over the PRIs. But the Collector will continue to be responsible for a multiplicity of tasks at the district level such as improving human capabilities, creating physical infrastructure, improving economic opportunities for marginalized sections of society and facing challenges posed by disasters. He will have a new role that is the role of a coordinator, facilitator and a person who is responsible for inter-sectoral coordination of various activities that characterize the work of our grassroots administration. He is the functionary who would provide overall leadership in the district in the task of nation building. Hence, the Collector would remain a key figure in the scheme of administration at the field level.

The overall administrative structure presently prevailing at the district and sub-district levels in the country consists of the following three components.

- (a) Administration of regulatory functions under the leadership of the Collector and District Magistrate, such as law and order, land revenue / reforms, excise, registration, treasury, civil supplies and social welfare. This domain also includes oversight over primary departments of the government e.g. agriculture, animal husbandry, and primary and school education.
- (b) District / sub-district level offices of the line departments of the State Government and their agencies, such as PWD, irrigation, health, industries etc. which have had stronger accountability relationship with the State headquarters rather than with the District Collector.
- (c) Local bodies (Panchayati Raj Institutions and Municipal bodies) which, after the 73rd and 74th amendment of the Constitution, have become the third tier of government and are to be empowered to handle subjects pertaining to development of the local areas as illustratively listed in the Eleventh and Twelfth Schedule of the Constitution.

The Institution of District Collector

Till some years ago, in most of the States, the District Collector was the head of the government at the district level, responsible for a diverse portfolio of functions ranging from delivery of essential services, land revenue administration, execution of rural development programmes, disaster management, maintenance of law and order and collection of excise and transport revenue.

As such, virtually all the instruments of the State Government that operated at the local levels did so in conjunction with the Collector's office either formally or informally. In this regard, structurally diverse arrangements were built up over time. The relationships and reporting structures range from the Collectors undertaking broad oversight/supervision of the activities undertaken by line departments- to specific day-to-day management of some services.

For many State Government bodies, the Collector had an important role in determining how, where and what quantity of their services were to be delivered. In recent years, however, the departments have tended to function increasingly as vertical hierarchy up to the State level and, as stated above, the gradual empowerment of local governments is changing the role played by the District Collector in matters of local development.

Collector's Role

At present the portfolio of the Collector's office generally includes the following functions and activities (though there may be variations across the States):-

1. Revenue Administration

The Collector handles all matters connected with land reforms and revenue administration (including custody of government lands). He is assisted by an Additional Collector / Joint Collector. Collector is the officer-in charge of the district under the State Excise Act.

2. Executive Magistracy and Maintenance of law and order

As the Magistrate of the District, exercises functions and powers under various provisions of the Cr.PC., is the Officer in overall charge of Law and Order and internal security in the district. It is the authority to issue custody/detention warrants under special anti-crime/security enactments e.g. NSA.

Retains importance in Police matters too e.g. under Bihar Police Act 2007, the Collector is the Chairman of the District Accountability Authority which monitors issues concerning departmental inquiries and complaints of misconduct against junior policemen.

3. Licensing and Regulatory Authority

The Collector is the licensing and regulatory authority under various special laws such as Arms and Cinematography Acts etc. in the district.

4. Disaster Management

The Relief /Disaster Management branch of the Collector's office deals directly with these functions.

5. Elections

The Collector is the District Election Officer for Parliament, State Legislature and Local Bodies.

6. Food and Civil Supplies

In most States, the Collector has a direct role to play in the functioning of the Food and Civil Supplies Department at the district level. He oversees the implementation of the Public Distribution System and has powers to enforce provisions of the Essential Commodities Act and related Rules and Orders.

7. Welfare

The Collector plays a very critical role in the execution of welfare programmes such as those relating to disability, old age pension etc. either through direct superintendence or through oversight

8. Census

The Collector is the principal Census Officer.

9. Coordination

One of the most important roles of the Collector is to coordinate activities of other agencies/departments at the district level

10. Economic Development (Agriculture, Irrigation, Industry, etc.)

Though, many activities/functions of these sectors stand transferred to PRIs and local bodies, the Collector still has some role in many of these programmes. He chairs meetings of various Committees of Agriculture, Animal Husbandry, Veterinary, Sericulture, Handlooms, Textiles, Irrigation and Industries departments. Also reviews their activities in monthly/bimonthly meetings and coordinates among the departments.

11. Human Resource Development

Though, a major part of this subject (primary education) stands transferred to the PRIs, the District Collector/Deputy Commissioner has been retained as Chairman/Co-Chairman in some of the district level committees.

12. Rural Development

Though major activities of this department stand transferred to the PRIs/ULBs, in some States, the Collector still continues to be the nodal authority for some programmes. Under the National Rural Employment Guarantee Act, the Collector has been designated as the District Programme Coordinator in some of the States.

13. Local Self Government (PRIs / ULBs)

The role of the District Collector/ Deputy Commissioner with regard to local self governing institutions varies across different States. Mostly these relate to the powers of the State Government visà- vis the PRIs. (Powers of suspension, resolution, supersession etc.)

14. Preparation of Development Plan

Though under Articles 243-ZD and 243- ZE, the planning functions in a district have been given to DPC/ MPC, the Collector coordinates with departments/ agencies involved in execution of various works.

15. Information Technology

The Collector exercises superintendence over the District NIC Centre.

16. Chairman of a large number of Committees

The Collector is also the Chairman of a large number of Committees at the district level. Besides, there may be other important organizations functioning in the district such as the Red Cross Society, a Degree College or Sports Associations which may be also headed by the Collector. Often, the Collector is appointed as the Chairman of a Committee to manage a major trust/endowment located in the district.

Issues

Such widespread functions without well defined roles result in lack of clarity and diffusion of the Collector's responsibilities. Also, after the establishment of PRIs / ULBs as the third tier of government, there is no need to assign any role/function to the Collector in respect of activities which are transferred by the State Government

to these bodies. As such, the Commission is of the view that there is need to redefine the role and responsibilities of the Collector in a clear manner.

His job profile should consist of -

- (a) A well defined set of exclusive activities both statutory as well as non-statutory as a functionary of the State Government
- (b) The general work of coordination with various departments / agencies of the State and the Union Governments at the district level and
- (c) In the interim period till the time the local elected Institutions mature into District Government - as the Chief Executive Officer of the proposed District Council.

The main functions of the Collector may now include:

1. Land and Revenue administration, land acquisition, custodian of government lands and properties, registration, recovery of public demand
2. Executive magistracy and maintenance of Law and Order, Internal Security, Prisons, Remand/ Juvenile Homes
3. Licensing and regulatory functions with respect to various special laws pertaining to Arms, Explosives, Cinemas etc.
4. Disaster Management
5. Civil supplies, public distribution and social welfare
6. Excise
7. Transport
8. Mining
9. Labor Laws
10. Elections
11. Legal Affairs
12. Census
13. Protocol, general administration,
14. Treasury management / district accounts office related work
15. Public Relations Department, NIC and other miscellaneous functions assigned by the State Government, coordination with civil society
16. Coordination with line departments / other agencies of the State and Union Governments
17. In the interim period - till the local institutions obtain adequate maturity - as Chief Officer of the proposed District Government

Recommendations:

1. **Surveys and measurements need to be carried out in a mission mode utilizing modern technology to arrive at a correct picture of land holdings and land parcels and rectification of outdated maps.**

2. This needs to be accompanied by an analysis of the existing mechanism for updating land records - which varies from State to State - to be supplanted by an improved and strengthened mechanism which ensures that all future transactions in titles are immediately reflected in the land records. Such a system should be able to detect changes in titles through various means - namely, succession, will, partition, gift, survivorship etc. and update records accordingly.
3. The dispute resolution mechanism with regard to land titles needs to be strengthened in order to be compatible with the demands made on it.
4. In case of urban areas, a similar exercise needs to be undertaken especially since measurements and surveys have not been done in many of such areas and even record of titles is not available in most cities.
5. There is need to realign the functions of the Deputy Commissioners/ District Collector so that he concentrates on the core functions such as land and revenue Administration, maintenance of law and order, disaster management, public distribution and civil supplies, excise, elections, transport, census, protocol, general administration, treasury management and Coordination with various agencies/ departments.
6. There is need to strengthen the compliance machinery at the district level to enforce provisions of the RTI Act and to reduce the element of delay and subjectivity in the functioning of the lower level formations of the government. This should be done by creating a special RTI Cell in the office of the Collector, whose functions should be reviewed by the Collector at regular periodicity.
7. Officers may be posted as District Magistrates early in their career, but in complex and problem-prone districts an IAS officer should be posted as DM only on completion of 10-12 years of service.
8. Steps should be taken to ensure that the Collector plays an effective coordination role in activities and programmes of other departments at the district level.

Modernizing the Office of the District Collector

- *Management Information Systems / IT tools / E-Governance*

For effective monitoring and evaluation of programme/projects which are directly under the charge of the Collector, there needs to be computerized/MIS attached to his office. On the basis of these, the Collector could undertake monthly or quarterly review of performance. This cell could also function as the nodal e-governance cell for other officers located in the district by using its capacity to coordinate, and develop relevant IT solutions.

- *Grievance & Public Feedback Cell*

Grievance redressal of citizens and implementation of citizen charters should be an integral part of the Collector's office. This district grievance cell should be linked with the field offices and also with public kiosks located in the far-flung areas of the districts. There should be computerized monitoring of complaints received in this cell.

- *A Vigilance Cell*

Currently, vigilance is a neglected component of the Collectors functioning. In view of the fact that on an average, there are more than ten thousand employees working in a district under various departments of the State Government, there is case for setting up an exclusive vigilance cell at this level. This cell could work under overall supervision of the district Collector who will maintain appropriate liaison with the office of the State Vigilance Commission/Commissioner.

- *Tours Inspection Notes and Institutional Memory*

It is largely due to elaborate inspection notes and personal observations of the District Collectors that we have a large collection of valuable District Gazetteers which describe almost all aspects of district administration in pre Independence India. The tradition continued till around 1960. There is need to revive it. This could be done by creating and strengthening a cell for this purpose in the District Collectorate.

- *Civil Society & Media Cell*

The emergence of civil society groups in various sectors of governmental activity, now requires that there should be an appropriate forum where civil society groups could interact with representatives of the government. A specialized cell could take care of this necessity. Simultaneously the increasing role of media in society and governance requires the Collector to handle public issues promptly and effectively. At the same time, the Collector's office could develop partnerships with them on public education efforts.

Other Suggestions

- Development of an e-District framework applicable to all districts based on which ICT initiatives may be undertaken by respective districts
- Comprehensive classification of rules, guidelines and procedures is necessary for efficient service delivery and better understanding among both the officers and the general public.
- Delegation of adequate powers and responsibilities needs to be done so that unnecessary file movements and resultant delays may be avoided.
- Introducing a IT based mechanism for feedback and grievance redressal wherein public grievances are attended to within specified timelines in a transparent manner. Every functionary must be made accountable for the effective and timely redressal of public grievances through a systematic monitoring process.
- Developing a reliable central district database through which data collection from the grassroot level with the help of local revenue administration machinery can be done. The database must contain block and circle-wise information on population, PHCs, PDS outlets, Police stations, schemes implemented, fund sanctioned, beneficiaries under the scheme etc.
- Providing e-governance services through the front-end service delivery nodes for rendering important services such as:
 - a) Payments of user charges (telephone, electricity, water supply and other bills), fees, taxes etc.
 - b) Online submission and tracking of applications (alongwith the name of officer with whom pending).
 - c) Online invitation of tenders and transparency in the process of selection of suppliers and contractors.
 - d) Complaints and grievances sent online to concerned departments, which after a fixed date gets automatically reported to the next higher authority
 - e) Scheme related information like list of beneficiaries, criteria of selection, entitlements under schemes etc.
- Networking all branches in the District Collector's office with district and sub-district offices would help ensure information sharing and facilitate convergence of services and delivery mechanism

Issues with respect to Local governance

The role of the District Collector/DM also needs to be reviewed in the context of the District Council and the District Government. There are two broad views that have emerged over the years on this issue.

Strong advocates of local government empowerment argue that the District Collector's institution is redundant in a democratic milieu with empowered and effective local governments and should, therefore, be dispensed with. Pragmatists argue that the Collector's institution served the country well for some two centuries and has been the pillar of stability and order in a diverse and turbulent society. Therefore, the institution of District Collector must remain in the current form for some more time.

Eventually, the District Council should have its own Chief Officer. Meanwhile, as an interim mechanism, there is merit in utilizing the strength of the Collector's institution to empower local governments.

The Commission is of the considered view that a golden mean between these two positions is desirable and the District government must be empowered while fully utilising the institutional strength of the District Collector. The Commission believes that these two objectives can be realised, by making the District Collector function as the Chief Officer of the District Council. In such a case, the Collector's appointment should be in consultation with the District Council. The District Collector cum- the Chief Officer would have dual responsibility and would be fully accountable to the elected District Government on all local matters, and to the State Government on all regulatory matters not delegated to the District Government."

Functional and Structural Reforms

- *Institutions of Local Governance at the District Level*

After the 73rd and 74th Amendments PRIs have emerged as the third tier of government at the district and sub-district levels. But, in many States, these institutions have grown parallel to the existing administrative machinery of the State Government. Barring Kerala, Karnataka and Maharashtra where field offices of many departments have been placed under the control of Zilla Parishad, other parts of the country still remain department-centric. While Maharashtra and Himachal Pradesh have brought the DRDA under the Zilla Parishad, in Andhra Pradesh this body still functions under the Chairmanship of the Collector.

At the intermediate level i.e. at the block or taluka level, there is a relatively better integration of departments with the PRIs. The Block Development Officer (BDO), who is formally under the control of the Public Relation department, is the principal officer who coordinates development activities at the block level. The nature of relationship between the BDO and the extension officers of line departments varies from State to State - from direct supervision to coordination. While this administrative arrangement applies to line departments like Agriculture, Panchayati Raj and Rural Development, Education and Animal Husbandry, etc., many technical departments such as Health Engineering and Industry work independently of the PRIs.

Recommendations

- **There should be an integrated governing structure at the district level in the form of the "District Council" with representation from both urban and rural areas. The Council will act as the "District Government".**
- **The District Collector should have a dual role in this government structure. He should work as the Chief Officer of the District Council and should be fully accountable to the District Council on all local matters.**
- **The District Officer would also be fully accountable to the State Government on all regulatory/other matters not delegated to the District Government.**

ADMINISTRATION OF THE UNION TERRITORIES

Introduction

At the time of Independence, India comprised of nine Governors' provinces (Madras, Bombay, West Bengal, United Provinces, Bihar, East Punjab, Central Provinces; Assam and Orissa) and five Chief Commissioners' provinces (Delhi, Ajmer-Merwara, Panth Piploda, Coorg and Andaman & Nicobar Islands). In the wake of Partition, the country faced the gigantic problem of consolidation, since nearly two-fifths of the area in British India consisted of 562 principalities and princely States, varying in size from a few square miles to an area as large as Hyderabad with 17 million people. Within a short span the earlier principalities and princely States integrated with the Indian Union.

Administration of the Union Territories

The administration of the Union Territories is governed by provisions described in Part VIII of the Constitution (Articles 239 to 241).

Article 239 (1) reads, every Union territory shall be administered by the President acting, to such extent as he thinks fit, through an administrator to be appointed by him with such designation as he may specify

Article 239-AA empowers Parliament to create a legislature and a Council of Ministers for the Union territory of Puducherry.

Article 239-AA deals with special provision for the National Capital Territory of Delhi (viz. creation of a legislative assembly / Council of Ministers for the National Capital Territory). The legislative assembly has been given powers to make laws with respect to any of the matters enumerated in the State List or in the Concurrent Lists applicable to Union Territories except matters with respect to entries 1, 2 and 18 of the State List and Entries 64, 65 and 66 of that List in so far as they relate to the said Entries 1, 2 and 18.

Article 239-AB deals with the powers of the President in case of failure of the Constitutional machinery in the National Capital Territory (analogous to Article 356).

Section 239-B describes the power of administrator to promulgate ordinances during recess of legislature (analogous to the powers of the Governor in a State to promulgate ordinances).

With regard to the other five Union Territories, the administration is governed by

- Special enactments passed by Parliament, or
- By regulations made under Article 240 of the Constitution.

Article 240 of the Constitution reads as under, "Power of President to make regulations for certain Union territories - The President may make regulations for the peace, progress and good Government of the Union territory of - (a) the Andaman and Nicobar Islands; (b) Lakshadweep; (c) Dadra and Nagar Haveli; (d) Daman and Diu; (e) Puducherry"

In recognition of the similarity of location and issues involved, the UTs may be considered under three groups, namely:

- Largely urban Union Territories (Delhi & Chandigarh)

- Island Territories (Andaman & Nicobar Islands, Lakshadweep)
- Territories in the Mainland (Puducherry, Daman & Diu, Dadra & Nagar Haveli)

However, since, each of the seven Union Territories has some distinct characteristics, issues of governance in each of them has been separately discussed in this Report.

A. The National Capital Territory of Delhi

Due to its strategic location, Delhi has been a seat of power of several empires in its long history; the earliest architectural relics dates back to the Maurya period (300 B.C.) After Independence, a major change came about: Delhi became the seat of the Union Government in a federal polity. The evolution of administration in Delhi has been conditioned by the fact that Delhi remains the seat of both the Union Government and the local government.

Delhi Metropolitan Council (1966-1990)

In the 1960s public opinion grew for providing a democratic set up for Delhi. In partial fulfilment of this demand, the Delhi Administration Act, 1966 was enacted. The Act provided for a deliberative body called the Metropolitan Council having recommendatory powers. This was headed by a Lt. Governor as the Administrator to be appointed by the President of India under Article 239 of the Constitution. There was an Executive Council consisting of one Chief Executive Councillor and three Executive Councillors. The Metropolitan Council was a unicameral body consisting of 56 elected members and 5 others nominated by the

Present Form of the Delhi Assembly

On the basis of these recommendations, Parliament passed the Constitution (Amendment) Act in 1991, which inserted Articles 239 AA and 239 AB in the Constitution providing, inter alia, for a Legislative Assembly for Delhi. A comprehensive legislation passed by Parliament called "The Government of National Capital Territory of Delhi Act, 1991", supplemented the Constitutional provisions relating to the Legislative Assembly and the

Council of Ministers and matters related thereto. The strength of the Assembly was to be 70 - all chosen by direct election from as many constituencies. At present 13 of the seats are reserved for Scheduled Caste candidates. The Constitution also lays down that the strength of the Council of Ministers shall not be more than ten percent of the total number of members in the Assembly i.e. seven.

Role of the Government of NCT in Municipal Affairs - Its Relationship with the Municipal Corporation of Delhi (MCD)

The MCD is the largest municipal authority within the jurisdiction of the National Capital Territory of Delhi. Out of a total area of 1483 sq.km., an area of approximately 1400 sq.km. fall within the jurisdiction of the MCD with an estimated 97% of the population of Delhi residing in the MCD area. The remaining areas are covered in almost equal proportion between the NDMC and the Delhi Cantonment Board.

Recommendations

- **The MCD, including appointment of the Commissioner and other functionaries should lie in the domain of the Government of the National Capital Territory (GNCT). However, the appointment of the Commissioner should be made by the GNCT in consultation with the Union Government.**
- **In order that, the Union Government retains its overarching role over delivery of municipal services in the National Capital Territory, some provisions of the existing Act should remain unchanged. For example, Sections 487 to 490 of Chapter XXIV will need to be retained in their present form. Provisions dealing with building regulations should be kept intact in the domain of the Union Government (for example Section 347). Section 503(dealing with exemptions to the diplomatic missions) and Section 508 (dealing with special provisions for the Red Fort area) should also vest with the Union Government.**

New Delhi Municipal Council

The NDMC (an eleven member nominated body) in its present form was created by the New Delhi Municipal Council Act, 1994. It covers an area which includes Rashtrapati Bhawan, Prime Minister's Office, Embassies of foreign countries, residences of the Ministers and important dignitaries, and the offices of the Union Government. 80% of the buildings in this area are owned by the Government. The report finds that there is no need to change the present governing structure of the New Delhi Municipal Council.

Role of the Government of the NCT: - In Police, Law and Order

As stated earlier, the subject of Police and Law and Order, have not been devolved on the Delhi Government. This is being administered by the Ministry of Home Affairs, Government of India through the Lt. Governor of Delhi. The Delhi Government thus has no say in the Police Administration and maintenance of law and order within the capital city.

However, as a democratically elected government they are often held responsible by the citizens for any lapses in this regard. There is no doubt that security is a critical area of governance and the Union Government must retain overall control over the law and order machinery of the country's capital city. At the same time, the requirement of having a Police force under the control of the Delhi Government to enforce a number of local and special laws lying within its domain cannot be ignored.

Recommendations

- **The Union Government may retain control over the broader aspects of security and law and order whereas traffic, local policing and enforcement of the special laws could be handed over to the Delhi Government. In the long run some of these functions could be transferred to the Municipal Corporation.**
- **As this will involve major restructuring of the present Delhi Police establishment, it may be advisable to constitute a Task Force with representatives of both the Union and the Delhi Government to study the matter in depth and suggest appropriate restructuring through legislative and administrative measures.**

B. Chandigarh

Originally built as the capital of Punjab, Chandigarh became a Union Territory, the joint capital of Punjab and Haryana, upon creation of Haryana in 1966. It is thus the seat of two governments and the UT Administration. The health and education infrastructure of the UT serves all three as also, to some extent, Himachal and Jammu and Kashmir. There is a composite High Court for the three entities in Chandigarh. The UT has a single district and a single tehsil.

The total area of the UT is 114 square kilometres of which 80 kms. are urban and served by a Municipal Corporation, while 34 kms. are rural and served by a three tier Panchayati Raj set up. The decadal growth rate of population in this UT has been 40%.

The Capital of Punjab (Development and Regulation) Act 1952 provides the structure for the management of urban governance. Enacted when the construction of Chandigarh was undertaken as a project, it combines State Government and municipal processes in its agencies - principally the Estate Officer and the Chief Administrator.

Conceived as a special measure of limited duration until institutions of local self governance were established, it continues to be in force even though the development of Chandigarh is almost complete and a Municipal

Corporation has come into existence. As a result both the UT Administration and the Municipal Corporation exercise municipal powers which can obviously lead to administrative confusion. Civic services to 90 per cent of the population of the UT (in urban areas) are provided by the Municipal Corporation while to the remaining

10 per cent (rural) they are provided by the State Government (UT Administration). A neat trifurcation of governance functions is not possible as the infrastructure (water, electricity, medical services, education) is planned for the UT as a whole. On a reference from the UT Administration, the Municipal Corporation has agreed to take over all 18 villages in the UT in a phased manner.

Administrative Set-up

The Punjab Reorganization Act of 1966 provided, inter-alia, that all laws applicable in Punjab on 1.1.1966 would also continue to apply to the Union Territory. The UT is administered by the Union Government through an Administrator appointed under Article 239 of the Constitution. Since 1984 the Administrator has been the Governor of Punjab

Delegation of Administrative and Financial Powers

There is urgent need to revisit the Capital of Punjab (Development and Regulation) Act and the Punjab New Capital (Periphery Control) Act, 1952 and examine if and how they are to be aligned with the changed circumstances. This issue should to be examined urgently by the Ministry of Home Affairs and the UT Administration.

The present Advisory Council to the Administrator should be substituted by a more compact and cohesive body comprising inter-alia of the Member of Parliament from Chandigarh, one MP each from Punjab and Haryana, the Mayor of Chandigarh and the Advisor to the Administrator. Such a compact body would be able to provide the necessary inputs to the Administrator and also be able to meet more frequently.

C. Puducherry

The Union Territory of Puducherry comprises four areas namely Puducherry, Karaikal, Mahe and Yanam, which are not geographically contiguous. Puducherry is located in the East Coast, about 162 kms. south of Chennai. This is the largest among the four regions and consists of 12 scattered areas interspersed with enclaves of Villupuram and Cuddalore Districts of Tamil Nadu. Karaikal is about 160 kms. south of Puducherry and is bound by Nagapattinam and Thiruvarur Districts of Tamil Nadu State. Mahe lies almost parallel to Puducherry 653 kms. away on the west coast near Kannur District of Kerala State. Yanam is located about 840 kms. north-east of Puducherry and is located in the East Godhavari District of Andhra Pradesh State.

The territory of Puducherry was merged with the Indian Union on 1st November, 1954 in terms of the defacto agreement signed between the Government of India and the Government of France on 21st October, 1954. The de jure transfer of Puducherry took place on 16th August, 1962. The Treaty between India and France for the cession of the French possessions of Puducherry, Karikal, Mahe and Yanam provided, inter alia, that any constitutional change in the special administrative status of the Territory which was in force prior to 1st November, 1954 (the date on which the de facto possession of the Territory was transferred to the Indian Government), would be made after ascertaining the wishes of the people of the territory. The Union Territory of Puducherry is administered under the provisions of the Government of Union Territories Act, 1963.

Administration

Puducherry is administered as a Union Territory within the Constitutional provisions of Article 239, Article 239A and the Government of Union Territories Act.

In terms of Article 239A provisions for an elected legislature and Council of Ministers for Puducherry have been made. At present, the Legislative Assembly in Puducherry has 30 elected members with a Chief Minister and Council of Ministers. The legislature has the powers to legislate in respect of the subjects under the State and Concurrent lists of Schedule 7 of the Constitution. However, being a Union Territory, the

administration is directly controlled and supervised by the Union Government through the Lt. Governor (Administrator) appointed for this purpose particularly with regard to the administrative and financial matters. In order to discharge the legislative and administrative functions, the Rules of Business of the Government of Puducherry was framed in 1963 under the Government of Union Territories Act, 1963.

Recommendation

- **There should be enhanced financial and administrative delegation of powers to the Government of Puducherry. The Council of Ministers should be free to discharge its functions effectively within such delegation.**
- **Recommendations made by the Commission in its Report on "Local Governance" (6th Report) may be implemented on priority in order to strengthen and empower the PRIs in Puducherry.**
- **The Puducherry Administration should be given the powers to raise public debt in order to finance its development projects and plans.**

D. Andaman and Nicobar Islands

The territory of the Andaman and Nicobar Islands comprises of a group of 572 islands, islets and rocks lying in the south-eastern part of the Bay of Bengal. It has a total geographical area of 8249 sq. kms. and 38 of its islands are inhabited. There are three districts, namely North and Middle Andamans, South Andamans and Nicobar. The total population of the UT as per the 2001 census is 3,56,152 with a population density of 43 per sq. km. Most of the people are from mainland, particularly the West Bengal, Andhra Pradesh, Tamil Nadu, etc. giving the territory the sobriquet "Little India". Andamans is also home to indigenous tribes, four of which are Negritos, namely the Great Andamanese, Onge, Jarawa and Sentinalese who live in forests in the Andaman group of islands and two are Mongoloid tribes, namely the Nicobarese and Shompens living in the Nicobar Islands. Some of these tribes are on the verge of extinction and some, particularly the Sentinalese, are still hostile. Their prime mode of livelihood is hunting and fishing.

Administration in Andaman & Nicobar Islands

When the Islands became a Union Territory in 1956 an Advisory Council to the Chief Commissioner (CCSE) with four members nominated by the Union Government was constituted. In 1961, the CCSE was supplanted by the Home Minister's Advisory Council (HMAC), comprising three ex-officio and three non-official members. The number of non officials later rose to seven. In 1963, a new advisory committee to the Chief Commissioner (CCAC) was constituted in addition to the HMAC.

Originally this body consisted of six members. Later on, the strength was increased to 12 in 1972-73 and 20 in 1977, with direct election of the members. In 1979 a 30 members indirectly elected Pradesh Council was constituted. In 1981, a Pradesh Council presided over by the Administrator with 24 elected Pradhans of Gram Panchayats, the Member of Parliament, the Vice-President of the Port Blair Municipal Board, 3 nominated tribal members and a woman nominee as members was formed. When the three tier panchayat system with 67 Gram Panchayats at the village level, 7 Panchayat samities at the block level and 3 Zila Parishads at the district level came into existence in 1994, the provision for the Pradesh Advisory Council was repealed.

Key Administrative and Development Issues

- Need for restructuring existing institutions
- Security concerns
- Carrying capacity of the Islands
- Issues of connectivity
- Endangered Tribes

- Human Resource Development
- Administrative and Financial Delegation

Recommendations:

- **The Union Government should constitute an Advisory Council to the Administrator of Andaman & Nicobar Islands consisting of the local Member of Parliament, the Chief Secretary, Chairpersons of the Zila Parishad and Municipal Council and senior representatives from the Ministries of Home Affairs, Tribal Affairs, Environment, Forests and Defence and the Planning Commission to advise him on all important matters of administration.**
- **The Union Government should enhance financial the powers of the UT administration by notifying delegation. This should be revised once in five years. Within such delegated powers, the UT Administration must be given full administrative and functional autonomy**

E. Lakshadweep

The Union Territory of Lakshadweep is a group of 37 Islands with a total land area of 32 sq.km. Considering the lagoon area of 4,200 Sq.kms, 20,000 Sq.kms of territorial waters and about 4 lakhs Sq.kms. of economic zone, Lakshadweep is a fairly large territory. It consists of ten inhabited and 17 uninhabited islands, four newly formed islets and 5 submerged reefs. The inhabited islands are Kavaratti, Agatti, Amini, Kadmat, Kiltan, Chetlat, Bitra, Andrott, Kalpeni and Minicoy, popularly known as Laccadives. Its total population is 60,650 with an urban component of 44.47%. Its literacy rate is 86.7%. It consists of only one district which is a Lok Sabha Constituency too.

Administration in Lakshadweep: Need for an Apex Representative Structure for the UT Formed as a Union Territory in 1956, it was named Lakshadweep in 1973. It was brought under the direct control of the Ministry of Home Affairs, in order to bring these Islands in the mainstream of development. Since then it is being administered by the Union Government through an Administrator appointed for this purpose. Comprising of a single district, it is the smallest UT in the Indian Union. The area is further divided into 4 tehsils and 5 community development blocks. The Panchayati Raj Institutions started functioning here in 1997 with a 2 tier system comprising of 10 Villages (Dweep) Panchayats and one District Panchayat. There are 79 Village Dweep Panchayat Wards, 22 District Panchayat Wards and one Lok Sabha seat. The Headquarters island of Lakshadweep is Kavaratti. Its distance by sea is 346 kms. from Khozikode, 404 kms. from Kochi and 352 kms. from Mangalore.

Recommendations:

- **The Union Government should constitute an Advisory Council to the Administrator of Lakshadweep consisting of the local Member of Parliament, Chairman of the Zila Parishad and representatives of the Ministries of Home Affairs, Tribal Affairs, Environment and Forests and Defence and the Planning Commission to advise him on all important matters of administration.**
- **The multi-disciplinary task force under the Chairmanship of the Deputy Chairman, Planning Commission, recommended to be set up for the Lakshadweep Islands.**

F. Daman and Diu and Dadra & Nagar Haveli

Daman & Diu

Located on the Western Coast Daman & Diu is the second smallest Union Territory of India. Daman is situated near Surat while Diu is located close to Junagadh in the Saurashtra peninsula of Gujarat. Till 1987, Daman & Diu were parts of the UT of Goa. When Goa became a fullfledged State, they were converted into

a separate UT, consisting of 2 districts Daman & Diu. It has an area 112 Sq.Km. with a population of 1,58,204 and literacy rate 78.20%.

Dadra & Nagar Haveli

The UT of Dadra & Nagar Haveli with a population of 2,20,490 and literacy rate of 57.6% consists of two separate enclaves. Dadra is surrounded by the State of Gujarat, whereas Nagar Haveli lies on the borders between Maharashtra and Gujarat. Dadra consists of three villages and Nagar Haveli consists of a town named Silvassa and 68 villages with an area of 491 Sq.Km. The territory is inhabited by a number of ethnic groups, viz. the Varlis, Dublas, Dhodias and Koknans. Agriculture is the main occupation and the area produces rice, pulses and fruits. Dadra & Nagar Haveli came under Portuguese Rule between 1783 and 1785. It became a Union Territory in 1961. Silvassa, its capital is about 14 Kms, from Bhilad and Vapi.

Administration of the UT and Local Government

- **Daman & Diu**

Prior to the 73rd Constitutional Amendment, the UT of Daman and Diu had Panchayats only at the village level. These Panchayats were regulated under the provisions of the Goa, Daman and Diu Village Panchayat Regulation, 1962. But they are now being governed by the Daman and Diu Village Panchayats (Amended) Regulations 1994, under which a two tier Panchayat consisting of District and Village Panchayats exists in the Territory. There are two District Panchayats, one at Daman and the other at Diu.

- **Dadra & Nagar Haveli**

Panchayats came into existence in this part of the country in 1965 when the Dadra and Nagar Haveli Panchayat Regulation was enacted (1965) to establish local government in this territory. After the 73rd Constitutional Amendment, the Dadra and Nagar Haveli Village Panchayat (Amendment) Regulation, 1994 (amended in 2002) brought a two tier Panchayatiraj structure into existence

Issue of Human Resources

In its interaction with the Commission, the Administration of Daman & Diu pointed out the difficulties being faced by it in implementing various projects and programmes of the government, due to inadequacy of staff at the operational levels.

Recommendations:

- **The recommendations made by the Commission in its Report on 'Local Governance' should be implemented on priority by the Union Government in Daman & Diu and Dadra & Nagar Haveli.**
- **The Union Government should review the requirement of personnel at different levels in both the UTs. The operating levels should be adequately manned. At the same time, the Government should examine the issue of having so many senior level posts in Daman & Diu, which has resulted in a top-heavy administration.**

GOVERNANCE ISSUES IN THE NORTH-EASTERN STATES

Introduction



India's North Eastern Region consisting of Assam, Meghalaya, Tripura, Manipur, Nagaland, Mizoram, Arunachal Pradesh and Sikkim is a rich mosaic of diverse customs, practices, terrain, climate, ethnicity (over 140 major tribes out of 573 in the country), institutions, land systems, languages and cultural norms. The area is geographically divided into discrete plains and regions encompassed within hills, having a number of agro-climatic zones within them. Almost the whole of it is characterized by heavy precipitation (200 mm to 600 mm), rich bio-diversity, fragile hills, high seismicity, and a drainage system marked by extensive lateral valleys in the north and transverse valleys in the south. The terrain is dissected by perennial rivers and raging torrents and the relief varies from less than 50 metres to more than 5000 metres above the mean sea level. Communication in the area is difficult and expensive.

Socio-economic and Cultural Features of the North-Eastern Region

Regional Peculiarities

- The hallmark of the eight political units is the diversity on account of terrain, climate, ethnicity, culture, institution, land system, language, food habits, and dresses and so on.
- These States have evolved in different time and function under different provisions of the Constitution.
- The regional identity of eight states as NER is a concept based on extreme intra-regional diversity.

Physiographic Profile

- The total area of NER is 2.62 lakh sq. km (7.98 % of India's total).

- Divided into discrete plains encompassed within hills (>70%).
- Hills are generally rugged and vast areas are inaccessible.
- Relief varies from less than 50 m to more than 5000 m above mean sea level (amsl) and falls in high seismic zone.
- Four physiographic divisions - Active Flood Plains, Flood-Free Plains and Valleys, Low Hill Areas (100 to 1000 m amsl) and High Hill Areas (>1000 m amsl).
- Soil mostly acidic which adversely affect both animal and crop productivity.
- Climate is characterized by heavy precipitation (226mm to 602mm) during the four monsoon months (June to September).
- Located in the threshold of sub-tropics and has six agro-climatic zones.

Social Composition

- Home of over 140 major tribes out of 573 in the country besides nontribal with diverse ethnic origin and cultural diversity (2001 Census).
- The ST population (2001 Census) is 12.41% of India's ST total. It is 26.93% of NER's total population.
- SC population is 1.49% of India's total. It is 6.40% of NER's total population.

Local Governance System

- The modern and traditional system of governance co-exist in the region.
- The age old traditional but unrecognized local bodies exist and functions (ex. Kebang among the Adis in Arunachal Pradesh, Mei among the Karbis of Assam, Khullakpa among the Kaboi in Manipur, Durbar Shong among the Khasis and Jaintias in Meghalaya etc.).
- PRI functions in Arunachal Pradesh (GP- 1747; PS- 150 and ZP -15) and Sikkim (GP- 159 and ZP -4) as on April, 2005.
- Both PRIs and Autonomous Council (AC) function in Assam (GP- 2489; PS- 203 and ZP -20 and AC- 5); Tripura (GP- 537; PS- 23 and ZP -4 TTAADC - 1) in Manipur (GP- 166 and ZP -4 and AC- 4); as on April, 2005.
- Autonomous Council functions in entire Meghalaya (AC-3). In Mizoram, both Village Council (702) and AC (3) function while in Nagaland only Village Council (1029); as on April, 2005.

Land Tenure System

- Two broad types of land tenure systems operate in the region:
 - (i) Revenue administration under government operates in the plains and valleys of Assam, Tripura, Manipur and in the hilly state of Sikkim and
 - (ii) Customary land tenure system under Village level authority operates in the hilly states of Arunachal Pradesh, Meghalaya, Mizoram and Nagaland and in the hilly parts of Assam, Manipur and Tripura.
- Cadastral survey is not done in these areas.
- Land is held almost by all. Landless people are negligible in number. Marginal (<1 ha) and small farmers (1.0-2.0 ha) are the two dominant categories (78.92 %)

- Distribution is largely egalitarian rooted in the principle of community way of living and sharing.
- Operational availability of land is a small fraction of total availability in the hills.

Demographic Profile

- Total population is 388.58 lakh and is 3.79% of India's total (2001 Census).
- Mizoram is highly urbanized (49.63%) followed by Manipur (26.28%) and Sikkim is at the bottom (11.07%)
- The population density is 149 per sq. km as against 324 at all India level. The highest is in Assam (340) followed by Tripura (304). All the hill states have dispersed population with lowest density in Arunachal Pradesh (13).
- Sex ratio (2001 Census) is higher (937) as against all India level (933). It is highest in Manipur (978) followed by Meghalaya (975), Tripura (950), Mizoram (938) and lower than all India average in Assam (932), Nagaland (909), Arunachal Pradesh (901) with lowest in Sikkim (875).
- The potential work force (15-59 years) constitutes 56.97% as against all India figure of 56.93%. It is highest in Manipur (59.45%) followed by Sikkim (59.34%), Mizoram (59.09%) Tripura (58.96%), Nagaland (58.62%) and lower than all India level in Assam (56.63%), Arunachal Pradesh (55.02%) and Meghalaya (52.90%).
- Literacy rate is marginally higher (65.83%) compared to all India level (64.80%).
- Female literacy is higher in all the states (56.03% in Assam to 86.13% in Mizoram) as against all India level (54.16%) except in Arunachal Pradesh (44.24%).

Source: Report on Poverty Eradication / Alleviation in North East India - NIRD

Natural Resources and Constraints

- **Hydro Electric Power Potential**

The region has the potential to generate 63257 MW of hydel power (42.54%), against an estimated 148701 MW for the whole country. Arunachal Pradesh alone can generate as much as about 50328 MW - around 80% of the total hydro-power potential of the NER and 34% of the total potential of the country. Despite this recognition, there is much to be done as hydro power generation requires mega investments. The Planning Commission has suggested an approach which has a two-pronged strategy; one is to have a focus on small/localized hydel and thermal stations for local needs and second to have high capacity hydel power units and thermal power projects with associated transmission lines for meeting the overall demands of the region and for selling the excess to the national Grid. Transmission, subtransmission and distribution system improvements have been identified as thrust areas for the Eleventh Plan. It is also envisaged to prepare a composite master plan for power development of the entire region including appropriate funding mechanism.

- **Forest Resources**

The forests of the North Eastern Region face unrelenting pressures from the increasing population and galloping development needs. It has resulted in alarming levels of degradation and deforestation. Over-exploitation due to the shortening cycle of shifting cultivation is one of the key factors behind it. The biodiversity of the region is in deep peril.

- **Natural Calamities**

The entire North-East Region suffers heavily on account of floods and landslides. Damages caused by floods, which assume an alarming proportion, in the Brahmaputra and Barak Valleys of Assam, exert considerable

strain on the economy not only of Assam but also of other North Eastern States. Besides working on temporary measures such as construction of embankments and spurs, taking long term measures such as erection of multi-purpose storage dams is the need of the hour.

- **Primary Sector Development**

The pattern of agricultural growth has been uneven across the region. The NER is a category of its own kind. With about 8% of the country's area geographically, its contribution to the country's foodgrain production is just 1.5%.

Road Ahead

The Vision Document 2020 of the North Eastern Region prepared by the Ministry of DONER and North Eastern Council has identified 9 critical areas which need priority attention for bringing peace and prosperity in the region by the year 2020. These are:

- Catching up with the rest of the country
- Bringing structural transformation in the economies
- Poverty alleviation
- Maximising self-governance
- Harnessing resources for the benefit of the people
- Building capacity in people and institutions
- Strengthening infrastructure
- Creating a centre for trade and commerce
- Effective governance: establishing peace and harmony

Ethnic Conflicts in Places, Manifesting As Territorial Conflict and Violence (Problem of Insurgency and Law And Order)

The Vision 2020 document in respect of the North Eastern Region has aptly noted that 'Insurgency and underdevelopment, especially unemployment, feed on each other. Poor governance, corruption and economic performance sustain conditions for insurgency and alienation.' It has also come to the conclusion that 'insurgency continuously hampers the economic performance of the region, so rapid economic development will not be possible without a proper strategic and security policy by the Central Government'. It has also identified the minima required 'free and unhindered mobility of goods and services (infrastructure) across the region as well as within the region, well-defined property rights, and law and order and security of life.

Recommendations:

- **There is need to continue political dialogue among various stakeholders. Steps should be taken to upgrade the capacity and capability of the police forces of the States so that they are able to uphold the law.**
- **In order to control cross border movement of insurgents, in addition to other measures, diplomatic efforts should be stepped up.**
- **The North-East Division of the Ministry of Home Affairs should be upgraded to a separate wing.**

Provisions of the Sixth Schedule Of The Constitution With Respect To Assam, Meghalaya, Tripura And Mizoram

One of the most important features of administration in the north-east is the Sixth Schedule of the Constitution which provides for the setting up of Autonomous Regional/ District Councils in the four States of Assam, Tripura, Meghalaya and Mizoram. These provisions have been made in exercise of the enabling provisions given in Article 244(2) and 275(1) of the Constitution. Currently, the following ten Autonomous Councils are functioning in these States.

Issue Of Village Self Governance In The Sixth Schedule Areas

When the Sixth Schedule arrangements were formulated in the North-East, tribal customs reigned supreme in these areas. During the early years of the Constitution, there was no thought of elections at the village or district level and hence there was nothing unusual in the Sixth Schedule not paying attention to the democratic aspect of village self governance. The idea of a two / three tier elected panchayat structure germinated only with the Balwant Rai Mehta Committee Report in 1957. With various rural development schemes and programmes becoming village centric and with Panchayats (in non scheduled areas) increasingly becoming involved in implementation of such programmes, the issue of village governance in scheduled areas came to the fore.

Recommendation

- **Autonomous Councils should be encouraged to pass suitable legislation for establishment of elected bodies at the village level with well defined powers and a transparent system of allocation of resources.**
- **Suitable stipulations may be made in the procedure for release of grants to the Councils that a certain portion thereof will be disbursed only in the event of a Council passing and implementing the legislation referred at (a) above.**
- **While an Autonomous District Council should be free to lay down a suitable framework for Village Councils under its jurisdiction, this freedom should be subject to certain general principles**

Absence of Linkage between the Sixth Schedule And The 73rd Amendment

Article 243M (1) expressly keeps the Sixth Schedule areas out of the purview of Part IX of the Constitution (inserted through the 73rd amendment) as the organizational paradigm in this part is at radical variance with the system prevailing in the rest of the country. Their standalone existence puts them perpetually at the mercy of the State Governments for budgetary support. They find themselves at a distance from Constitutional bodies such as the State Finance Commission or the State Election Commission.

There is a view that the 'supportive provisions' of Chapter IX, the State Finance Commission and the State Election Commission (Articles 243-I and 245K respectively) could be beneficial to the District/ Regional Councils. Adequate objectivity and transparency would be needed in transfer of resources from the State Government to these bodies. Similarly, there are definite advantages if an independent body oversees preparation and conduct of elections to the Councils/ Village Councils. In Tripura, the State Election Commission has already been involved in conduct of elections for the Tripura Tribal Areas Autonomous District.

Recommendation:

- **Autonomous Districts/Councils in Sixth Schedule Areas should also be covered by the State Finance Commission and the State Election Commission.**

Special Powers of the Governors Of Assam, Meghalaya, Tripura And Mizoram With Respect To schedule Sixth Areas

The Sixth Schedule has vested the Governor of Assam, Meghalaya, Tripura and Mizoram with considerable special powers for administration of autonomous districts and regional councils.

Recommendations:

- The Governors of Assam, Tripura and Mizoram should be empowered to exercise discretionary powers in respect of all the provisions pertaining to the Autonomous Councils under the Sixth Schedule in consultation with the Council of Ministers and if necessary, in consultation with these Councils. A Constitutional amendment will be required for this purpose.
- A high-level Review Committee headed by the Governor and consisting of representatives of both the State Government and the District Councils should be formed in each State to review the functioning of these bodies. This Committee should submit its report to the Union Government.

Issues of Tribal Areas Lying Outside the Sixth Schedule*Recommendations*

- For tribal areas which lie outside the Sixth Schedule as well as the Seventy Third Constitutional Amendment the State Government should take steps to create specially at the district level bodies which should consist of both elected as well as traditionally selected representatives. The States which show initiative and take a lead in this matter should be given incentives.
- The District Rural Development Authority of the district should work as a body accountable to this District Level Body.

Personnel Management and Capacity Building of Administration*Recommendations*

- The North Eastern Council, in consultation with the Universities and other educational institutions of the region, should draw up programmes for coaching students for the Civil Services, and other competitive tests such as the Combined Defence Services Examination and the Engineering/Medical Examinations

Issues of Recruitment in The Sixth Schedule Areas*Recommendations*

- Immediate steps should be taken to constitute District cadres for all Groups 'C' and 'D' posts (Classes III and IV) for performance of all 'transferred functions' wherever such action has not been taken.
- Recruitment to Groups 'A' and 'B' posts (Classes I and II) by the Autonomous District Councils or analogous bodies particularly to positions requiring technical/professional qualifications should ordinarily be left to the State level.
- State Governments and the Autonomous District Councils should jointly draw up norms for arriving at the number of technical and professional posts required in the tribal areas. Personnel for such posts should be made available on priority basis.
- Postings to the tribal areas should be for a fixed tenure and must be followed by, as far as practicable, to a posting at a place of the officer's choice.

State Specific Issues

Apart from the common issues dealt with above, the States of the NE Region also have some State specific problems which need attention. These are being discussed in the subsequent sections of this Report.

1. Assam

Assam accounts for around 30% of the area and 68% population of the North East (including Sikkim). At the commencement of the Constitution (1950) 'area domination' of the State was of the order of 53% as the present states of Meghalaya, Mizoram and Nagaland formed its four Districts. The reduction in area of the State has had important geo-political implications. Even demographically, Assam displays certain anomalies- its population more than doubled in the first half of the last century largely due to migrations. Factors such as

availability of large tracts of fallow land, demand for labour in plantations and overpopulation in adjoining Districts of Bengal with consequent landlessness have all been implicated for this phenomenon. These factors, have also contributed to frequent conflicts and unrest within the State with deleterious effects within the region. The dependence of the State on agriculture and allied sectors is evident from the fact that despite its relative proximity to the rest of the country, Assam has the lowest share of urban population at 12.90% as against 15.66% for the North East as a whole.

Assam also has the lowest share of Scheduled Tribe population in the region (13%). Yet, with six districts in the Sixth Schedule and the whole or parts of another twelve being under Tribe specific Autonomous Councils, there is a great deal of complexity in the administration of the State. The clash of interests between one tribal group and the other and that between a tribal group and non-tribals creates enormous challenges for governance in the State. The situation is further compounded by a significant presence of religious and linguistic minorities, approximately 18% and 30% respectively. It is interesting to note that a large section of

Population qualifies, concurrently for both the categories. In short, the State of Assam faces problems which emerge out of conflicts as well as the development needs of the people.

Recommendations

- **All the three Sixth Schedule Autonomous Councils of Assam should be given parity with regard to legislative and executive powers.**
- **Adequate resources should be provided to the Autonomous Councils so that they are able to carry out their assigned responsibilities effectively. The allocation of funds to these bodies should be based on pre-settled norms (with reference to the minimum standards of service to be provided and their capacity to raise local resources). This exercise could be undertaken by the State Finance Commission.**
- **The system of release of funds to the BTC through a single window system should be further fine tuned to make it more effective and hassle free. Such a hassle free system of fund release should be adopted for the other two Councils also with adequate delegation of financial powers**

2. Arunachal Pradesh

Arunachal Pradesh embraces the erstwhile North Eastern Frontier Agency (NEFA) which before the commencement of the Constitution was loosely administered through a Political Officer by the Political Department of the Government of India. This was based on the arrangements made for administering the NWFP of British India which bordered Afghanistan. The Constitution treated the 'North Eastern frontier tracts' as a deemed Union Territory administered by the Governor of Assam in his discretion as the 'agent' of the President of India. Initially, the traditions of 'loose administration' were maintained. The 'frontier tracts' were kept in 'Part B' of the 6th Schedule i.e. areas which could be provided with autonomous District Councils only at a future date. While none of these 'tracts' were ever brought under 'Part A' of the Schedule, from the 1950s onwards, the area began receiving greater attention. In practice, the NEFA administration was carried out from Shillong- the capital of undivided Assam- by the Adviser to the Governor who enjoyed extensive powers over this territory.

Part of NEFA was transferred to the 'Naga Hills- Teunsang Administrative Area established in 1957- an area that was upgraded as the State of Nagaland in 1963. Affairs of this area were handled by the Union Government through the Ministry of External Affairs (MEA) - the post independence successor of the Political Department. After the Chinese aggression, the administration was brought more in line with that of other Union Territories. A nominated advisory body was established and the Ministry of Home Affairs replaced the

Ministry of External Affairs as the nodal Ministry for its administration in 1965. The post of Adviser was upgraded to that of Lieutenant Governor and the Governor of Assam was relieved of his special responsibilities. In 1972, NEFA was given the status of a Union Territory' with an elected legislative Assembly and was renamed, "Arunachal Pradesh". In 1986 a separate Act (the State of Arunachal Pradesh Act 1986) was enacted and the State of Arunachal Pradesh came into existence in the year 1987.

The State is multi-ethnic and multi-lingual being home to over 30 tribes, practicing a number of religions including Buddhism and various indigenous faiths native to the region. Given this diversity, it is not surprising that Hindi has emerged as the lingua franca of the region.

Although Arunachal Pradesh has not witnessed home-grown insurgency, some of its districts are presently affected by insurgency from neighbouring Nagaland as well as the demand for NAGALIM from some insurgent groups. This has disrupted the historical tranquility and development in these districts. The priority, therefore, needs to be on the restoration of peace, lest the virus spread.

Recommendations

- **The recommendations made in its Report on "Local Governance" for strengthening and empowering PRIs need to be implemented on priority.**
- **Some districts of Arunachal Pradesh are presently affected by insurgency from neighboring States. Firm steps should be taken by both the Union and the State Government to restore peace in the affected areas.**
- **Traditionally, land in Arunachal Pradesh is owned by the community. However, this system has gradually weakened primarily because community owned land is not bankable collateral. This issue needs to be resolved in consultation with the Reserve Bank of India, banks and stake-holders in the land.**
- **Because of the gradual expansion of the formal judicial system in place of the traditional 'Kebang system', it would be necessary for the Ministry of Home Affairs to examine the Assam Frontier (Administration of Justice) Regulation Act 1945 in the State, to ensure a smooth transition to the formal judicial system.**

3. Manipur

Manipur was a princely State that merged with the Indian Union in 1948 after some initial reluctance on the part of the then Maharaja. A peculiar feature of the State is that out of its total geographical area only 25% is in the valleys, which is home to around 70% of the total population (overwhelmingly non-tribal) while the hill areas are inhabited by various tribal communities belonging to Naga, Mizo and Kuki-Chin groups. The outbreak of insurgency in the Naga Hills in the 1950s affected Naga inhabited Northern, Eastern and Western Hills of the State too. Similarly, eruption of violence in Mizo Hills in the 1960s caused disturbances in the Southern hills dominated by kindred tribes. The Valley inhabited largely by the Meitei community, too, has been the scene of insurgency caused by local armed groups from the 1970s. "Integrity" of the State has been a major issue as there is a demand from certain Naga groups for merger of areas dominated by them in the Greater Nagaland. In short, the State has remained in the midst of conflict and violence for long.

Recommendations:

- **Sincere, proactive measures should be taken to revive and activate the Hill District Councils in Manipur. It will be imperative to devolve a major domain of developmental activities to them. It will have to be done along with transfer of funds and functionaries.**
- **The local functionaries of the field offices/departments of the State Governments and the parallel bodies which are currently handling these activities at the district level will also need to be placed at the disposal of the District Councils.**
- **All steps should be taken to put in place elected Village Councils in rural areas. Suitable incentives should be provided to the State for initiating proactive legislative measures in this direction having due regard to the local circumstances.**
- **As regards the PRIs the Commission has already made a number of recommendations for their strengthening and empowerment in its Report on "Local Governance" (sixth Report) which needs to be implemented on priority.**

*Issues of Personnel Management in Manipur**Recommendations*

Initiatives of the Manipur Government in human resource management need to be sustained. Similar initiatives may also be considered by other States of the region.

4. Meghalaya

At the commencement of the Constitution, the present State of Meghalaya consisted of three Districts of Assam. Under the Sixth Schedule these Districts were provided two Councils - a joint or united Council for the Jaintia and Khasi Hills District, and a separate Council for the Garo Hills. In 1969 through the twenty-second amendment of the Constitution, a new provision, Article-244A was added enabling the Parliament to form an 'autonomous State' within the Constitution. Pursuant to this amendment, Parliament established an 'autonomous State' called Meghalaya. Later under the North-Eastern Areas (Reorganisation) Act 1971, this autonomous State was given the status of a full fledged State in 1972.

Recommendations:

- **The fact of Autonomous District Councils should be accepted and the State should undertake comprehensive activity mapping with regard to all the matters mentioned in para 3 of the Sixth Schedule. This process should cover all aspects of the subjects viz planning, budgeting and provisioning of finances.**
- **Allocation of funds to the District Councils should be based on normative and transparent considerations.**
- **The Union Government would also need to take similar action with regard to Centrally Sponsored Schemes being implemented in these areas.**
- **Appropriate measures may be taken for capacity building in Autonomous Councils so that they are able to utilize the funds in a better way.**
- **In the long run, directly elected village level representative bodies will need to be constituted and adequately empowered in autonomous Hill Councils areas of Meghalaya.**

5. Mizoram

At the commencement of the Constitution, Mizoram was a District in Assam, known as Lushai Hills and was included in the Sixth Schedule. Renamed as Mizo Hills in 1954, the area experienced severe famines in the

late 1950s and early 1960s which led to serious turmoil and insurgency spearheaded by the Mizo National Front (MNF). The District was separated from Assam and raised first to the status of a Union Territory in 1972 and then to full Statehood in 1987. Following an accord with the MNF in 1986 peace and tranquility has been restored in Mizoram. The State has made rapid strides and has emerged with the highest literacy in the country. Despite its small population and limited territory, it has considerable ethnic diversity. With the conferment of the status of Union Territory the Mizo Hill District Council was dissolved and now the State has three autonomous district councils catering to three non Mizo minority tribes- Mara, Lai and Chakma

Recommendations:

- **The State should undertake comprehensive activity mapping with regard to all the matters mentioned in para 3 of the Sixth Schedule. This process should cover all aspects of the subjects viz planning, budgeting and provisioning of finances. This will necessitate full transfer of functionaries of the field offices/ departments/bodies relating to these activities to the control of the Councils.**
- **The Union Government will also need to take similar action with regard to Centrally Sponsored Schemes being implemented in these areas.**

6. Nagaland

Nagas are a group of tribes with their own languages, social customs, folklore and territories who were clubbed together for administrative purposes by the ruling powers at different points of the history of the region. Many Naga areas were grouped in a single Naga Hills District in 1866 to bring these areas under direct British rule to safeguard tea plantations. The district did not, however, include many areas like the Northern and Eastern parts of Manipur and tracts, once known as "Naga tribal areas"- one of the 'agencies' of NEFA. The Sixth Schedule of the Constitution was initially conceived as an arrangement to meet the political aspirations of the people of this District - an arrangement that could not be implemented as it fell far short of the Naga demand for self rule. Violent insurgency had broken out in the early 1950s for an 'independent Nagaland' not only in the Naga Hills District but also in areas dominated by the Nagas in Manipur and NEFA. The District was initially upgraded as the "Naga-Tuensang Administrative Area" in 1957 with the merger of Tuensang frontier tract of NEFA and with an "Area Council"- a nominated body consisting of traditional opinion leaders of the constituent tribes. Disturbances, however, continued unabated even after the emergence of the State. It is now widely recognized that recourse to violence by various ethnic groups in the North East at different points of time was largely an 'inspiration' from Naga insurgency.

Hopes of lasting peace raised by the Shillong Accord with the Naga groups in 1975 proved short-lived as elements opposed to the Accord regrouped as the National Socialist Council of Nagaland (NSCN) and the cycle of violence continued. In the last few years, however, there has been an improvement in the situation with a 'cease fire' between major elements within the NSCN and the Union Government

Recommendation:

The Commission would like to reiterate the following recommendation in this regard made in its Seventh Report.

- **Nagaland has made commendable efforts to usher in a paradigm of decentralised village self-governance through effective use of "Social Capital".**
- **The State has communitised a large number of service delivery schemes. The Ministry of Rural Development should formally recognise this arrangement for implementation of various development and poverty alleviation initiatives in this State. Its replication by other States should be pursued.**

7. Sikkim

At the commencement of the Constitution, Sikkim was regarded as a princely state which, unlike similar other States was a 'protectorate'. Sikkim's governance as a protectorate was based on a treaty whereby a measure of internal autonomy under its Maharaja (Chogyal) subject to the overarching responsibility of the Government of India to safeguard the protectorate and conduct its foreign relations. Increasing public aspirations for a legal framework permitting peoples' participation in governance led to a popular uprising which culminated in introduction of a measure of democracy at the instance of the Government of India.

The newly elected Assembly and the Chogyal could not come to a consensus on a popular government gave rise to further agitation demanding formal merger of the 'protectorate' as a State of the Indian Union. This resulted in the thirty-sixth Constitutional amendment in 1975 which introduced Article- 371F in the Constitution. This Article, apart from declaring Sikkim as a part of the Indian Union makes some special provisions including vesting of discretionary powers on the Governor (subject to any orders of the President) to facilitate " peace and for an equitable arrangement for ensuring the social and economic advancement of different sections of the population". Since its merger with the Indian Union, Sikkim has made very strong progress on all fronts.

Recommendations

- **The Commission has made a number of recommendations for strengthening and empowering PRIs in its Report on "Local Governance" which needs to be implemented on priority.**
- **There is need to rationalize the large cadre strength of various All India Services in the State, in accordance with actual requirements.**

8. Tripura

Before Independence, Tripura was a princely State ruled by Maharajas of the Manikya dynasty. The Regent Maharani of Tripura signed an instrument of merger with the Indian Union on September 9, 1947. Tripura became a Union Territory without legislature with effect from November 1, 1956. However, a legislature was installed in July 1, 1963. Tripura attained Statehood on January 21, 1972.

Tripura, after Assam is the most populous State in the North East. While it accounts for barely 0.8% of the total area of the Region, it is home to more than 8% of its population with the highest population density in the region. Its adverse land-man ratio is aggravated by the fact that in the last 55 years the ethnic profile of the State has been drastically altered. Thus while currently the tribals, the indigenous inhabitants of the place, constitute around 31% of the population, this ratio was just the reverse in 1947 when geopolitical factors resulted in a massive influx from the adjoining Districts of the then East Bengal. The resultant socioeconomic consequences caused much conflict and strife. In order to allay the apprehensions, areas with tribal concentration were brought under the Sixth Schedule in 1985.

A geographical factor of relevance to its development is the fact that the State has an international border of 839 Km with Bangladesh (surrounded by Sylhet in the North, Comilla in the West and Noakhali and Chittagong on the North East). Tripura's boundary with Assam and Mizoram is only 50 Kms. An idea of the imposed inaccessibility of the State can be formed by the fact that while the travel time to Kolkata via Bangladesh is hardly 12 hours, the same destination takes more than 48 hours through Assam and West Bengal.

The State has generally done well in areas like primary health care, poverty reduction and improvement of agricultural production. There are, however, indications that growth has been more pronounced outside tribal areas.

Recommendations:

- DPCs may be constituted in all the districts of Tripura with representation from both the TTADC and the District Administration as all the districts in Tripura comprise of both TTADC and part IX areas. The TTADC should also be involved in the planning process at the State level.
- Immediate steps should be taken to ensure that there is only one intermediate structure between the village and the district bodies of the TTAADC.
- The State Government should take steps to evolve a mechanism which could coordinate block level committees chaired by MLAs and zones and sub-zones which are headed by elected representatives of TTAADC.
- The State may also undertake comprehensive activity mapping exercise to delineate functions among various levels operating within the system such as the District Council, the Block committee and the Village Council.

GS SCORE

MANAGING STATE FINANCES

Introduction

An effective financial management system is the cornerstone of good public administration. In our federal system, where the Constitution empowers the States to collect revenue and spend on public programmes, a prudent and effective financial management system in the States is a matter of vital concern for the country's polity and economy.

The extent to which the overall economic development of the nation is dependent on the management of state finances is concluded from the fact that on an average, the States combined together get about 62-64% of the combined revenue receipts of the Union and States.

Apart from implementing the programmes and schemes undertaken through its own budget, a State plays a key role in implementing various Centrally Sponsored and Central Sector Schemes.

Appropriate selection of programmes and projects, prudent financial planning, normative expenditure methodology and concurrent and post expenditure scrutiny are the vital processes which decide how the finances of the Government are being utilized and managed.

The core principles that should form the foundation of a sound Public Finance Management System such as

1. Adopting prudent economic assumptions
2. Aligning annual budgets with the medium term plan
3. Relaxing central input controls
4. Adoption of top-down budgeting principles
5. Focusing on value for money
6. Introducing transparency and simplicity in various procedures

Within these broad outlines, the following issues are of importance in sustainable financial administration of the State Governments.

1. Financial Delegation and Operational Flexibility - the IFA system

Based on the experience of the Union Government with regard to the IFA, States should take steps to introduce / strengthen the IFA system in the State administration.

2. Avoiding Fiscal Profligacy

The State Governments need to take steps to ensure that projects and programmes are included in the budget only after well considered deliberations and processes. The practice of announcing projects and schemes on an ad-hoc basis needs to be done away with.

3. Expenditure Management

The States should take priority steps to improve their expenditure profile

- a. by finalizing the detailed project reports of schemes in the preceding year and
- b. Ensuring that the financial sanctions are given to the departments in the first two months of the current financial year.

The States should conduct a zero-base review of programmes and schemes which are more than five years old and which involve large sums of public money. (Say over 50 crores)

4. Prudent Budget formulation

Some of the key recommendations are

- Realistic estimates and assumptions for budget preparation
- Avoiding inaccurate and incomplete disclosure of financial situation
- Public consultation in budget formulation
- Issue of supplementary demands
- Off budget and contingent liabilities
- Multi-year budgeting

5. Revenue Forecast and Need for a Tax Research Unit

The State Governments should initiate steps to set up dedicated cell within its Finance Department to provide input on the revenue forecast with the reasons thereof.

6. Mechanism for Internal Control

The State Governments should take steps to set up internal audit committees in each of its departments.

7. External Audit

The State Governments should specify a time frame for the Departments for necessary follow up action on the recommendations of Audit and forwarding of the ATN after incorporating such action to Audit for vetting before their final submission to the State PAC/ COPU. All Departments should adhere to the prescribed time limits.