



India: The Congress Party returns

The newly-elected coalition victory leaves states as power brokers

BY RUPAK CHATTOPADHYAY

In an upset victory on May 13, the Congress Party won the largest number of seats of any party in India's lower house of parliament. Against all odds, Congress managed to unseat the coalition led by Prime Minister Vajpayee of the nationalist BJP. But without a majority on its own, the Congress Party had to form its first-ever coalition in Delhi and to name Mr. Manmohan Singh as Prime Minister rather than Italian-born Congress Party leader Sonia Gandhi. The coalition that Congress formed has only 215 seats – 58 short of a majority in the Lok Sabha. The opposition BJP-led coalition now holds 187 seats. To stay in power, the Congress Party has to count on support for its legislation from two communist parties that are not in the governing coalition.

The election results were unexpected. The Congress Party was so taken by surprise that it took more than a week to name a government. The verdict of this election is unique in many ways. This was the first time the Congress Party went into a general election with a pre-election alliance in place. The left parties also had their best-ever showing in the elections, winning around 60 seats in parliament – effectively putting them in a position to wield the balance of power.

A precarious coalition

The Congress Party cannot call the shots within its own coalition because it has far fewer seats than the BJP's 186 seats in the last parliament. This is likely to leave the new government hostage to the whims of coalition partners such as a Bihar-based party with 21 seats, and a Tamil Nadu party with 16 seats. Both parties have already been throwing tantrums over the allocation of cabinet portfolios.

Meanwhile, two communist parties – the Communist Party of India (Marxist) with 43 seats and the Communist Party of India with 10 seats, decided not to join the coalition. This means that they can in effect exercise power without taking responsibility, a move that could be potentially destabilizing. For the time being all parties supporting the governing coalition are united in their opposition to the BJP-led coalition at both the centre and in the states.

Rupak Chattopadhyay is a program manager at the Forum of Federations.



Manmohan Singh, India's new Prime Minister

While federalism is not explicitly on the agenda of the new government, the composition of the new government makes it representative of the interests of the states. Mr. Manmohan Singh's elevation to the post of Prime Minister reaffirms India's secular credentials. This is the first time in India that both the head of state (President Kalam, a Muslim) and the head of government, Prime Minister Singh, a Sikh, are members of India's minority communities.

Parties from the regions share power

All parties supporting the new government are regional. For example, the Rashtriya Janata Dal is based in Bihar, the Dravida Munnetra Kazhagam comes from Tamil Nadu, the People's Democratic Party draws its strength from Kashmir and the members of the Communist Party of India (Marxist) have their electoral base in West Bengal and Kerala. The Congress Party's relative weakness in the coalition ensures that regional issues and centre-state relations will assume a place of

importance in all spheres of public policy.

Since 1996 the regional parties have played an important role in national politics. The party that ruled Andhra Pradesh until this year, Telegu Desam Party, leveraged its position as the largest ally of Vajpayee's coalition government to secure large-scale developmental assistance for the state. On such matters, the new Congress Party-led government in India could be a mirror image of the previous government. Prime Minister Singh emphasized the importance of smooth centre-state relations in his first press conference.

Continued on p. 8

Congress faces demands from the regions

When it comes to federalism-related issues, the new government will also have to deal with a number of new challenges:

Pressure for patronage from states run by allies:

Developmental funds routed through the Planning Commission (*see Box*) have often been allocated as political patronage rather than on any objective criteria. With a new government at the centre, states ruled by the Congress Party and its allies are likely to expect funding instead of those ruled by the outgoing coalition. Mr. Laloo Prasad Yadav of the Rashtriya Janata Dal, a key ally of the new government, has already voiced his intention to obtain greater financial support for Bihar.

Dismissing state governments: The Indian constitution gives the central government the authority to dismiss any state government (notionally, a failure of the constitutional machinery in the state). This was included to cope with emergencies. But most often it was used as a pretext to dissolve state governments ruled by political opponents. Already, the Dravida Munnetra Kazhagam and its allies are pressuring the new Congress-led government to help it settle scores with its opponents in Tamil Nadu by dismissing the state government. Opposition parties in Gujarat may put pressure on the new central government to dismiss the BJP government in that state – the

government led by Mr. Modi. In this case, the reason for dismissal would be failing to prevent communal riots across the state in 2002.

Dismissing a state government may not be easy. To get rid of a state government requires the approval of both houses

of parliament. While the incoming government has a majority in the Lok Sabha, the opposing alliances are evenly matched in the upper house of parliament, Rajya Sabha. India is holding elections for 60 seats in 14 states for that chamber on June 21. These elections fill the vacancies caused by the retirement of several members. Given the BJP's sweeping victories in three state elections last November and its improved position in the newly elected Karnataka state legislature, the BJP and its allies are expected to achieve a majority in the Rajya Sabha. This is likely to limit efforts to dismiss any state governments, even though the Congress' allies are sure to keep up the pressure.

Pressure to create a new state: State elections in Andhra Pradesh were held at the same time as national elections to the Lok Sabha. A party allied to Congress in the state elections in Andhra Pradesh called for the creation of a new state called Telengana, to be carved out of Andhra Pradesh. This party, the newly-formed Telengana Rashtriya Samiti, represents the interests of the poor and economically

Distinguishing two Commissions

(from *Federations, Special Triple Issue, August 2002*)

The Indian **Finance Commission** is composed of five members, most of them economic and financial experts. The President appoints the Commission every five years.

The Commission draws its authority directly from the Constitution, not from the governments of the day, whether at the federal centre or in the constituent states. Its principal mandate is to award shares out of the proceeds of a number of constitutionally specified federal taxes and excise duties to the governments at both levels, and also among the states. It also determines how much extra assistance should be diverted to the resource-poor states, naturally at some cost to the better off, to help them improve their resources.

The total amounts of transfers to the states that the Finance Commission handles are sometimes smaller than those transfers handled by the **Planning Commission**, which is a federal government body established by parliamentary resolution in 1950 and chaired by the Prime Minister.

Both Commissions draw only upon the resources of the federal government for transfers to the states. The federal government is obliged by the Constitution to share the proceeds of certain taxes according to a fixed formula specified in the Constitution and distributed on the recommendation of the Finance Commission. But the additional amount the federal government may give to states is discretionary, is funnelled through the Planning Commission, and depends on how the federal government views the state's "Five Year Plan". Distribution of additional funds to the different states is also in accordance with certain principles, which have evolved over the years.

underdeveloped Telengana region of the state. The reason that the Congress Party struck up a pre-poll alliance with this party was the Congress Party's uncertainty of its ability to defeat the Andhra Pradesh government on its own.

As things turned out, the Congress Party won enough seats on its own. As a result, the situation has completely changed. Now the new Congress Party Chief Minister of Andhra Pradesh, Y. S. Rajshekhar Reddy is trying to play down the new party's demands for a new state. While the Telengana Rashtriya Samiti is part of the coalition government in the state and at the centre, its power in the coalition is rather weak. Still it has threatened to launch public agitation to pressure the state and central governments to carve out a new state. Such agitation could bring much of northwestern Andhra Pradesh to a standstill. The Congress-led government is concerned that giving away Telengana could weaken its position in the rest of the state. But at some point the new central and state governments may have a difficult choice to make: accept a new state or suffer unrest in the Telengana region. (6)