

Keynote Address by Shri Pranab Mukherjee, Minister for External Affairs during the 4<sup>th</sup>  
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Shri Somnath Chatterjee, Hon'ble Speaker Lok Sabha, Excellencies, Distinguished Guests,  
Ladies & Gentlemen.

I am happy to address this august gathering on a topic that underlines the Indian polity and our governance structures. It is also heartening to note that this conference is the first such being held in Asia and hosted by India, one of the largest "Federating Union". We live in an age of unprecedented plenty, grave poverty, and dizzying technological progress. It is not surprising that the contemporary international community is confronted with complex challenges that require ingenious, innovative responses. Never before in history has the world witnessed such sharp divisions. Issues of identity, autonomy and equity impinge on all international interactions and the situation is fraught with grave hazards. Dangerous degradation of environment, human rights issues, rise of sectarianism and growing unrest among ethnic minorities all over the globe have thrown up unprecedented challenges to world polity. Proliferation of international terrorism is just one manifestation of the malady. Potentially destructive and violent strife is palpable just below the surface. In this context, it would be unwise to postpone considering urgent appropriate strategies to accommodate diverse, often conflicting interests- not only national but also religious, ethnic and cultural. This lends a new urgency to the concept and practice of federalism which has the inherent capacity to deal with diversity.

We in India can take justifiable pride that it was millennia before the emergence of the nation-state system when the significance of federation was realized. Federal republics flourished on the north-western and eastern peripheries of the ancient Indian sub-continent. *Samgha* or federation in ancient India was synonymous with unity and strength. It would not be an exaggeration to state that in a society so remarkably plural, the federal imperative was obvious. Diversities and differences were not only tolerated but were joyously celebrated. All this is recollected here not to

lay any special proprietary claims but only to indicate that India is a natural ally and a substantial constituency for federalism.

Historical factors have played an important role in the adoption of a federal Constitution with strong unitary features in India. The classical concept in federalism is that before a federation is formed, there are separate identifiable units. Once they joined the federation, they surrender some power, and gain some. Indian federation grew from its ancient past where centralized monarchical and dynastic ruler ship was the adopted statecraft from Chandragupta to Asoka, or the Mughals, who had unitary administration over vast parts of India. For the sake of administrative convenience, they divided certain parts into administrative units. Akbar's empire stretched from Kashmir to Pragjyotishpur in Assam, and from Kabul to the Deccan in the south divided into 16 "subas". When local chieftains raised their heads, they were delegated some local powers in keeping with the politico-administrative expediencies.

A new political paradigm was laid with the advent of British who, captured power through the East India Company acting on the certificate of "Dewani" obtained from the Mughal Emperor. Later, Lord Wellesley used the policy of annexing Princely states followed by the theory of "Doctrine of Lapse" by Lord Dalhousie, whereby a princely state, in absence of a direct heir to the ruler, got annexed and merged to the British territory under the Crown. There was some territorial contiguity and stability in the ninety years that followed 1857 and up to the Independence from the British rule in 1947. The administration was governed by the British Governor General through provincial Governors. These provinces had no uniformity and neither were they carved out of any coherent or logical policy dictates. Bengal, Bihar, and Orissa were one administrative unit for some time; Oudh used to be the larger united provinces, while a large number of territories were captured from rulers in different parts of the country and merged with the British territory.

Some major changes in the governance structure of the country took place after the revolt of 1857. Almost 60% of British India territory was directly administered by the British Governor General, Governors of provinces or in some cases Chief Commissioners. The hereditary princely rulers numbering more than 700 ruled the other 40 percent of this territory.

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In India, the traditional concept of federalism did not take roots as successive governments starting from the Mughal Emperors to the East India Company ruled in the unitary format. The Montague-Chelmsford reforms of 1918 envisaged a federal solution to the problem of political freedom for British India, as a distant prospect, observing that the conditions for a federation, did not then exist, because the provinces in India were not self-governing States which could surrender certain powers to the federal government. This remained equally true in 1929 when the Simon Commission did not recommend a federal solution, though was envisaged as a distant goal. However, in keeping with the exigencies and imperatives, the governance was carried out under the Government of India Act, 1919. Definite concept for federal structure was laid only with passing of the Government of India Act, 1935.

What then made the British Parliament in 1935 to provide a federal Constitution for India, disregarding the views expressed in two reports? To my mind, the British tried to look for pragmatic adjustments by establishing political institutions which would work, as the demand for self rule and freedom struggle had become almost irresistible, and each political advance brought the full transfer of power nearer to the Indians. The political struggle produced a sense of national cohesion and, for the leaders of freedom struggle, federal solution offered the best chance of an early realization of their goal.

The "Objectives Resolution" which was moved in the Constituent Assembly on 13th December, 1946 by Jawaharlal Nehru favored loose federation with the residuary powers of legislation given to the Provinces. This possibility faded with the partition of British India into India & Pakistan, and it was seen as no longer necessary to provide a loose federal Constitution. The India

Independence Act, 1947 abrogated all treaties between the Crown and the Indian Rulers making them fend for themselves. With the liquidation and merger of Princely States in the provinces, federal solution emerged as the natural choice.

The outcome of the Constituent Assembly deliberations brought out the underlying philosophy of federalism in the Indian Constitution while adopting a Parliamentary system of federal government and enunciating its basic features. The Indian polity was to be federal in structure, unitary in bias. India would be a Union of States. This would not be the classical federation like that of the United States Constitution which says "association of States" and many other countries that adopted a federal system of governance. The Indian Constitution makers chose to use the word "Union" instead of federation. It may be mentioned that, in order to be called "federal", not using the word itself does not mean that the principles are foregone. In fact, we have gone even beyond by delegating powers to the units of local self governments that were not strictly laid down under the Constitution. The actual structure laid down for two-tier system of government with the Union and the States, and it was left to the States to legislate on the local self government structures.

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The test for federalism laid down by experts such as Prof. Wheare in his work "Federal Government" has been generally applied to our Constitution. Another eminent exponent of the subject Prof. Sawyer, who propounded that it is necessary to inquire whether a federal situation existed in a country before it adopted a federal constitution, said, the sub-continent of India is an area which by reason of size, population, regional (including linguistic) differences and communication problems presented an obvious federal situation.

Among the basic features laid down for Indian federalism, is the mechanism through which the independent judiciary will arbitrate on the matters between the Union and the States and that is how the Original jurisdiction was bestowed on the Supreme Court. On the Legislative side, in the classical federal mechanism, it is the Second Chamber of Federal Parliament which is to

represent the States. That is how in the case of United States, two representatives are fixed for each State in the Senate. India also opted for a Bi-cameral Legislature. The allocation of seats in the Upper Legislative House is filled by representatives of States and the Union Territories elected by the elected members of the Assemblies of the respective States in accordance with the system of proportional representation of population. The present number of seats was fixed in 1956 on the basis of the recommendations made by the States' Reorganization Commission.

The responsibility of governance between the Federal Government and its constituent units, the States, is enshrined in the Constitution by dividing the subjects into three Lists. The Union List gives exclusive right to the national Parliament to legislate on 97 subjects; the State List gives right to State Legislatures to legislate on 66 subjects and the Concurrent List gives rights to both the Union and State Legislatures to make laws on 47 subjects. The district and local bodies do not make laws; they make policies and take executive decisions and act. Some States, due to their peculiar situation, have been given wider and additional powers for legislation.

Executive powers are distributed between the Union and the States, including the power to levy duties, raise revenues by taxes operating on mutually exclusive spheres, adhering to the principle of federalism.

The unique unitary features of the Indian Constitution entrusts the Union Government with institutions such as the Election Commission, the Union Public Services Commission, the Comptroller and Auditor General of India.

Every five years, a Finance Commission is appointed to make recommendations on the sharing of taxes that are levied by the Union government, including Grants-in-aid under the Constitutional provisions. This is in addition to the debt relief and calamity relief given to the States in times of need by the Union. First such Finance Commission was constituted in 1951, currently the 12<sup>th</sup> Commissions recommendations are being acted upon and the 13<sup>th</sup> will shortly be constituted.

It is this basic characteristic of the Union of India, which has enabled peaceful structural changes

and reshaping of the states many a time. The core value of the unity and integrity of the nation in the constitutional scheme has facilitated this exercise. However, in the last sixty years, there were some challenges thrown as to what constitutes the basic features of our federalism. By the 42nd amendment to the Indian Constitution, the Union acquired certain State powers such as the deployment of Central para-military forces. The State subjects like Forests & Education that hitherto were in the State List, were placed in the Concurrent List. Use of certain provisions with respect to the dissolution of State Governments and Centre-State relations assumed importance. It was realized over a period of time that this power in the union is meant to be exercised sparingly, and were substantially addressed by the 44th amendment to the Constitution.

The Government has also set up several independent mechanisms to review the working of the arrangements between the Union and States and to make recommendations for ensuring good governance and the welfare of the people while strengthening the unity and integrity of the country. Among these are the Planning Commission, the National Development Council, the National Integration Council, the Inter-State Council and others. The Planning Commission allocates financial resources to the States for their plans of development. The government constituted a Commission under a retired Chief Justice in early 1980's to take a comprehensive review of Centre- State relations. Many of its recommendations were accepted and acted upon. The Government has now set up another Commission on Centre-State Relations to take a fresh look at the rights and responsibilities of the Union and State Governments and make recommendations for addressing new challenges that have emerged in our polity and economy in the last two decades.

We have made substantial progress in the direction of empowering the people through local self-governance, commonly called Panchayats in the rural areas, and municipal bodies in urban areas. These are periodically elected bodies that are nearest to the people and form the grassroots level governance. In the structure of multi-party political system, when no single political party can claim dominance and when the central and provincial governments represent

rival coalitions, the daily pulls and pressures can only be managed by genuinely federal institutions.

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The structure of the world had begun to alter dramatically by the 19 century. Empires had given way to new, independent nation States' and the artificial order imposed by colonial powers was dismantled by the rising tide of assertive nationalism. Ironically, the unity forged during the anti imperial freedom struggle was in most cases lost as soon as independence was attained and the new born nation-states found themselves struggling to preserve their integrity and autonomy. The colonial masters had redrawn political maps and diplomatic adjustments among imperial rivals that arbitrarily violated the pre-existing organic relationships among the people of Asia and Africa. The Indian case is illustrative of this. Communities that had harmoniously coexisted for generations suddenly found themselves confronted by divisive forces. Demands of the people from its own government increased with growing political consciousness and awareness. Diversity, at times, tended to become divisive and discordant. Contending claims to scarce resources aggravated political conflicts and began to put strain on political institutions. However, these could be adequately addressed through the institutions of the federal government.

At the global level, geopolitics dominated thinking during this phase, and the democratic essence was dispensed with leading to the start of the Cold War which distorted the natural evolution of the federal idea. Strategic considerations of containing the adversary, an ideological rival, fuelled the formation of military alliances.

We need to refer to another significant development during the last quarter of the twentieth century and that is the strong imperative for regional integration. The emergence of the European Union as a supra-national political association- a unique federal institution- provided a powerful impetus to similar aspirations elsewhere. Bodies like ASEAN and SAARC have demonstrated that an innovative social contract, essentially federal in character, can be extremely useful in managing diversities.

What is clear as we enter the new millennium is that there can be no genuine democracy without adequate space for diverse minorities. They have to be assured unequivocally that their identities are not imperiled. Regions that have borne the brunt of imbalanced economic development too must begin to perceive themselves as stakeholders. Devolution of power to the grassroots has to be hastened. Without this sense of participation in governance there can be no credible empowerment. Only when people hitherto marginalized identify themselves as agents of change can their grievances become less volatile. The people of India can take just pride in electing the largest number of representatives, 2.5 million persons, at different federating structures, right from the central level down to the grassroots.

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In recent years, there has been much talk of a clash of civilizations, cultural fault-lines and multiple identities. It is not possible to reflect on these topics in detail here but it is necessary to recognize them since it is federal institutions, structures and processes that hold the most promise in helping us to learn to live with multiple identities, negotiating invisible fault-lines and coping with differences constructively.

It is not only in the comparatively younger nations that the significance of federalism is being realized, many developed countries too have learnt valuable political lessons from their own or others' experiences.

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It is a privilege for India to host the 4th International Conference on Federalism in the 60th year of our Independence. I understand that about one thousand practitioners of federalism from more than 50 countries, including a large number from developing countries, are participating in this Conference. India is deeply committed to realizing the federal ideal and is extremely happy to join hands with the Forum of Federations in sharing experiences and promoting learning. Indeed it is for this reason that we partnered with Forum of Federations, a partnership which we expect to deepen in the years ahead.



In India, our own commitment to federalism is for the long term as we are convinced that it provides the best hope for robust expression of divergent viewpoints and finding peaceful and enduring solutions to our problems. We have absolutely no doubt that federalism holds the key to a better future. Federalism at home and in the international system alone will allow us to blend interdependence with autonomy, preserve our distinct cultural identities and help us fight emerging challenges. I have great expectations from this conference and look forward keenly to its recommendations.

Thank You.