

1. What is multilevel governance? Discuss. What are its benefits and limitations? Explain.

Approach

Since question is asking you to explain so you have to give a clear account as to How/Why something happens. You are expected to clarify with relevant facts and implications.

Introduction

In governance, vertical component includes central government, regional government, other local governments including provinces, districts, etc. Horizontal component of governance includes different ministries, different departments of regional governance.

Body

WHAT IS MULTILEVEL GOVERNANCE? DISCUSS?

- MLG is defined as “an arrangement for making binding decisions which engages a multiplicity of politically independent but otherwise interdependent actors – private and public –at different levels of territorial aggregation in more-or-less continuous negotiation /deliberation/implementation, and that does not assign exclusive policy competence or assert a stable hierarchy of political authority to any of these levels”.
- It can describe as "collective decision-making processes where authority and influence are shared between stakeholders operating at multiple levels of governance and in different policy sectors"

BENEFITS OF MULTI-LEVEL GOVERNANCE (MLG) –

- Investing in MLG for smart specialisation strategies (S3) will be beneficial not only for S3, but also for a broad range of new-generation policies.
- It can "a permanent dialogue between various levels of government" and to extend partnership approaches to "national, local and regional authorities, to social partners and to stakeholders and civil society".
- It acts as "a system in which the responsibility for policy design and implementation is distributed between different levels of government and special-purpose local institutions (private associations, joint local authority bodies, cooperation across national borders, public-private partnerships and so on.
- MLG contributes to integrating the different policies, projects and proposals of different government tiers, so that each of them is considered in relation to one another and thus synergies among them can be created.

LIMITATIONS OF MULTI-LEVEL GOVERNANCE –

- **LACK OF TRADITION:** The application of the partnership principle was hampered by a lack of tradition and experience of decentralization and collaborative policy-making, as well as a limited capacity of sub-national actors, especially in the New Member States.
- **LACK OF RESOURCES:** A general criticism across all Member States is that the extent of involvement and influence of non-public sector bodies in OP decision-making processes remains limited due to a lack of resources, challenges which are compounded by the complexity of Cohesion Policy rules.
- **THE HIGH ADMINISTRATIVE COSTS OF MLG:** The higher the number of actors involved, the more complex the administration behind policy development and implementation.
- **A DEMOCRATIC DEFICIT:** Finally, another strand of the literature on MLG examines the democratic and legitimacy implications of Cohesion Policy implementation. It looks at the possibility that a top-down and technocratic model marginalises the role of democratic institutions.

Conclusion

MLG can be briefed as a complex process of collaboration among different levels of governments and public bodies with the aim of making Smart Specialisation Strategies available to other actors (explicitly targeting those actors from production and knowledge systems and communities) simultaneously on various levels. can help unlock the growth potential of the territories where it is implemented. The rationale behind this is that, inspired by place-based approaches, S3 strategies can be developed potentially everywhere, but that it is through the collaboration of different government levels that the specific potential of each place can be best known (those governments with contextual knowledge of each area) and enhanced (those governments with better knowledge of programmes and codified knowledge on S3).

2. Is the lack of finance the only impediment in the proper functioning of local bodies? Critically examine.**Approach**

As the directive is critically examine the question demands a thorough explanation of the functioning of local bodies in the first part and then mention impediments in their functioning by giving a thorough analysis of the reasons hindering proper functioning, students are expected to provide a clear line of thought in explaining the reasons for the improper functioning of local bodies if lack of finances is the only reason or not.

Introduction

Local bodies are institutions of the local self-governance, which look after the administration of an area or small community such as villages, towns, or cities. The Local bodies in India are broadly classified into two categories. The local bodies constituted for local planning, development and administration in the rural areas are referred as Rural Local Bodies (Panchayats) and the local bodies, which are constituted for local planning, development and administration in the urban areas are referred as Urban Local Bodies (Municipalities). Local Government is a State subject figuring as item 5 in List II of the Seventh Schedule to the Constitution of India. Article 243 G of the Indian Constitution enshrines the basic principle for devolution of power to the Local Bodies. In the nation's journey towards becoming an economic power, local bodies play an important part in enabling infrastructure availability to the citizens.

Body

- As the objective of the formation of local bodies was to ensure equitable and all-round development of urban and village areas, Finances play an important role in strengthening the local bodies to function as envisaged through 73rd and 74th constitutional amendments.
- Proper revenue mechanism tends to make local bodies healthy and empowers local people as well. States were empowered to constitute Finance commission for the proper devolution of finances to the local bodies and were given freedom to act accordingly this created a gap in the actual devolution mechanism and local bodies are left with meagre resources to function effectively.
- After nearly 30 years of decentralisation, local government expenditure as a percentage of GDP is only two percent—a number that is extremely low when compared to other major emerging economies such as China (11 percent) and Brazil (seven percent).
- Most local bodies, both rural and urban are unable to generate adequate funds from their internal sources, and are therefore extremely dependent on external sources for funding. Studies show that around 80 percent to 95

percent of revenue is obtained from external sources, particularly state and central government loans and grants.

There are two main reasons for low internal revenue collection –

- Local bodies lack the capacity to properly impose taxes, due to ambiguous taxation norms, lack of reliable records, and so on.
- State governments have not devolved enough taxation powers. Most states only permit local bodies to collect property taxes and water tariffs, but not land tax or tolls, which can provide more substantial revenues.
- A Devolution Report, published by the Ministry of Panchayati Raj in 2015-2016 estimates the extent to which states have devolved functions, finances, and functionaries. It concludes that while certain states such as Kerala, Karnataka, and Maharashtra have transferred relatively more power to local bodies, real decentralisation has a long way to go in India.

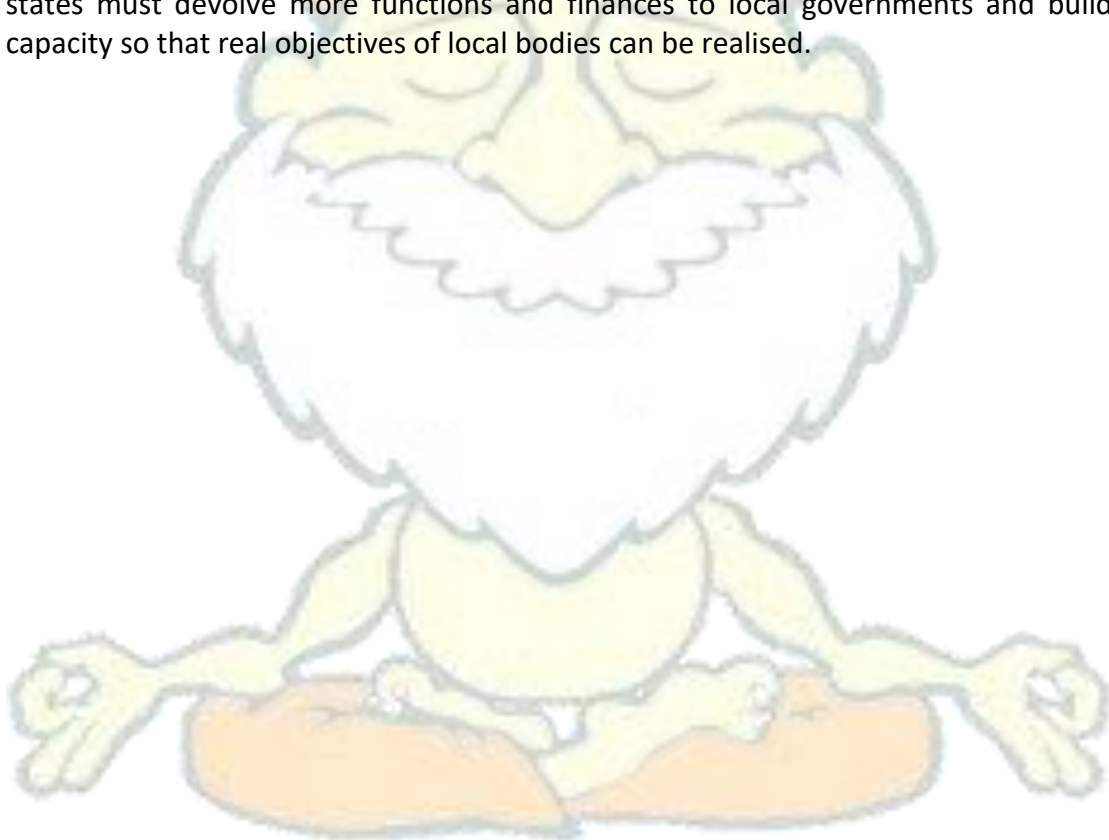
However, there are other reasons which hinder the proper functioning local bodies such as –

- Functional issues- The power to devolve functions to local governments rests with the state government. For a variety of reasons, states do not devolve adequate functions to local government bodies, severely affecting the system's efficiency and effectiveness. For instance, state governments have been known to create parallel structures for the implementation of projects around agriculture, health, and education—undermining areas for which local bodies are constitutionally responsible.
- Functionary issues- The capacity of local bodies to carry out their mandate is often circumscribed by the state government officials. Additionally, the secretariats of local governments are grossly under-staffed and under-skilled, and therefore unable to provide the required support to the elected body. Their capacities need to be further strengthened through training of existing personnel and the recruitment of new staff. Though local bodies are authorised to recruit staff, this is prevented by limited funding.
- Infrastructural Inadequacies in the local bodies poses other obstacles in their normal functioning. Most of the PRI aren't housed in proper buildings which deter normal procedural meetings and therefore, hinder the democratic functioning.
- State Election Commissions too haven't been regular in conducting timely elections and also the interference from respective State Governments too seemingly creates functioning regarding consistency of these local bodies.
- Excessive state control- the state governments have the power to supersede and dissolve municipal bodies under certain circumstances.
- Ineffective leadership- Mayors, councillors and sarpanch's look at their positions as a stepping stone for their political career rather than being agents of change to bring out desired reforms.

- Creation of Parastatal agencies such as urban development authorities (which build infrastructure) and public corporations (which provide services such as water, electricity and transportation) are accountable only to the state governments, not the local government.

Conclusion

PRIs and ULBs are powerless without the devolution of functions and finances. They have been waiting for over two decades now to develop from merely constitutional and democratic institutions into governance institutions. A well-funded local government with clearly delineated functions is best positioned for all round and equitable development according to the needs and wishes of the local people. In its absence, India needs to rely on state and Union government measures, which tend to be of the one-size-fits-all sort. In the times of Covid-19 need of healthy and well-oiled local governance machinery is a bone and can be more effective in curbing pandemics at local level, instead of countrywide lockdown block and village level measures could have been more effective. An important lesson for the future is that states must devolve more functions and finances to local governments and build capacity so that real objectives of local bodies can be realised.



3. What is the role of the Finance Commission in strengthening the finances of local bodies? Discuss. What would you suggest to further empower local governance in India?

Approach

You need to elaborate upon the role of the Finance Commission and discuss its contribution in strengthening the finances of local bodies while in the second part, you need to suggest further ways to empower local governance in India.

Introduction

The Finance Commission is a constitutional body set up by the President of India, every five years or earlier to decide the share of the Union government and state governments in the divisible pool of tax revenue. The Finance Commission also decides the share of each state from the share of states in the divisible pool. The Commission further recommends the share of funds and grants to be transferred to local bodies.

Body

- The Finance Commission is a constitutionally mandated body that decides the sharing of taxes between the Centre and the states. Article 280 (1) requires the President to constitute FC at the expiration of every fifth year or at such earlier time as the President considers necessary.
- The 73rd Constitutional Amendment requires both the Centre and states to help Panchayati Raj institutions to evolve as a unit of self-governance by assigning them funds, functions and functionaries. In this regard, the Tenth Finance Commission (FC-X) first made a provision for explicitly supporting local bodies through grants.
- **The Finance Commission Grants play an important role in strengthening the finances of local bodies, these are primarily divided into four sub-heads –**
 1. **Grants for rural local bodies:** The Finance Commission recommendations ensure that these local bodies are adequately funded. In fact, nearly half of the Finance Commission Grants in Union Budget goes to village local bodies.
 2. **Grants for urban local bodies:** Urban local bodies like municipal councils receive the largest chunk of Finance Commission Grants after Rural Local Bodies and Post Devolution Deficit Grants to states.
 3. **Assistance to SDRF:** The central government also provides funds to State Disaster Relief Funds in addition to funding the National Disaster Management Authority (NDMA).
 4. **Post devolution revenue deficit grants:** The Finance Commission also provides a mechanism for compensation of any loss incurred by states, which is called post-devolution revenue deficit grants.

Further, the 15th Finance Commission has made various efforts towards strengthening the finances of local bodies, some of which include –

- To account for increasing urbanization the share of urban local bodies in Finance Commission grants to local bodies should be gradually increased to 40 per cent over the medium term.
- To provide for tied grants in the critical sectors of sanitation and drinking water to ensure additional funds to the local bodies over and above the funds allocated for these purposes under the centrally sponsored schemes (CSS), Swachh Bharat and Jal Jeevan Missions.
- To recommend grants to all tiers of the Panchayati Raj to enable pooling of resources to create durable community assets and improve their functional viability. Also, to give grants to the Fifth and Sixth Schedule areas and Cantonment Boards.
- Since larger cities will tend to grow faster with the agglomeration effect, the fifty Million-Plus cities in the country need differentiated treatment, with special emphasis on meeting the challenges of bad ambient air quality, groundwater depletion and sanitation.

The 15th Finance Commission has also recommended a total of Rs 90,000 crore for grants to the local bodies in 2020-21. This amounts to an increase over the Rs 87,352 crore allocated for 2019-20 for the same. The new allocation is 4.31% of the divisible pool. Of this sum, Rs 60,750 crore has been recommended for rural local bodies, and Rs 29,250 crore for urban local bodies. These grants will be made available to all three tiers of Panchayat- village, block, and district.

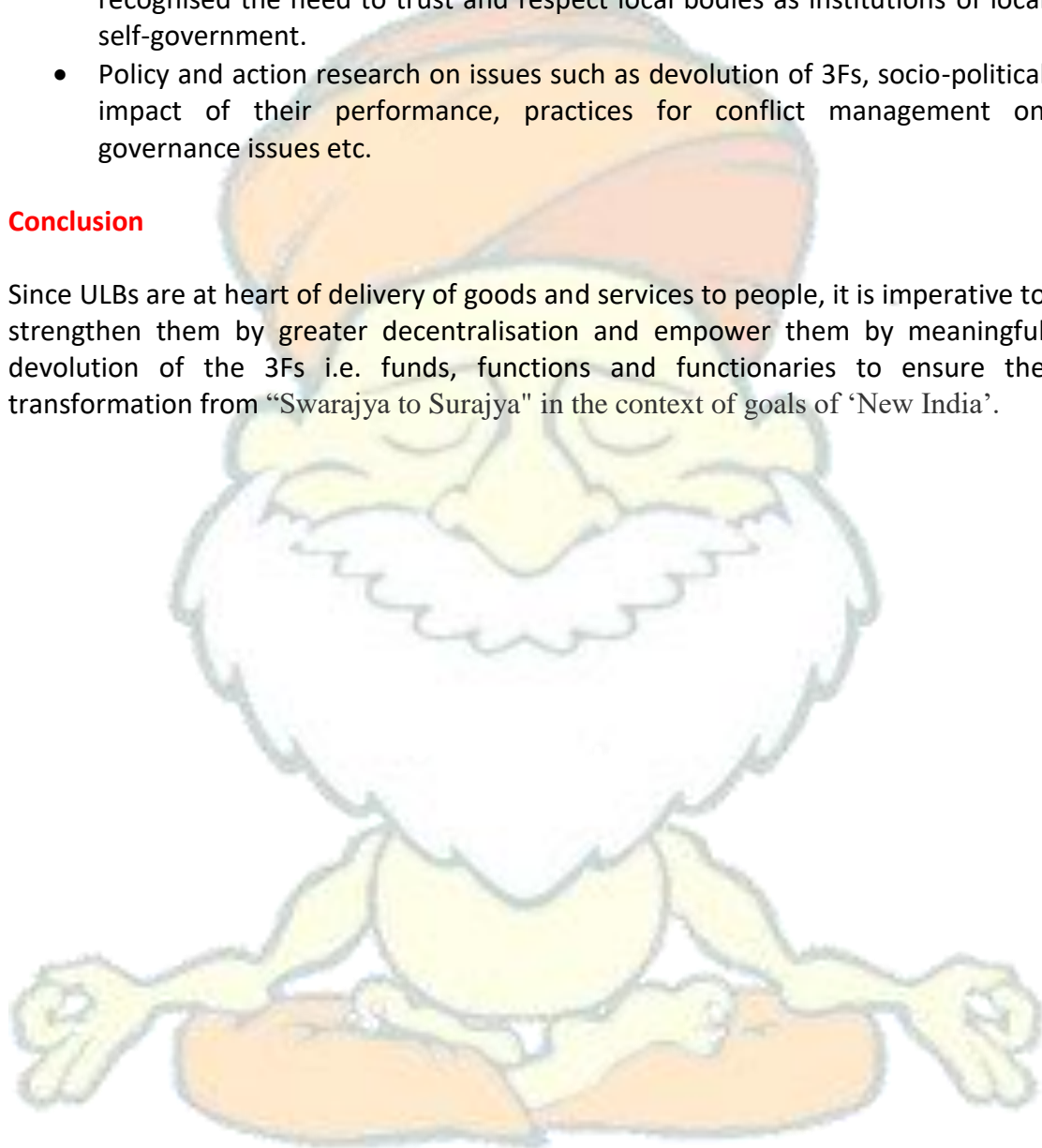
India's burgeoning population and rising aspirations of youth necessitates need for further measures to empower local bodies. In this regard, some of the following measures can be considered –

- Creating networks of Panchayati Raj Institutions and local government elected representatives physical and virtual, and extending these networks to international networks over a period of time.
- Increased Allocations to Local Governments and to ULBs: "In comparison with 2.1 per cent of GDP in Denmark, 6.0 per cent Norway, 7.8 per cent in Italy, and 9.9 per cent in United Kingdom, intergovernmental transfers to ULBs account for a meagre 0.45 per cent of GDP in India.
- Providing a platform for knowledge management in the PR and local governance space including collation and dissemination of a body of knowledge including best practices/innovations/case studies.
- Need for Compensation for Municipal Revenue Losses Due to GST: Cities do not benefit from their economic vibrancy as all the buoyant local taxes such as the octroi, entry tax, and local body tax have been abolished to make way for Goods & Services Tax.
- Developing a basket of performance measures for PR and local governance, collating reliable statistical data on PRIs and local self-government bodies

- Need to Incentivise States to Improve Performance of State Finance Commissions (SFCs): Only 13 states have constituted their 5th State Finance Commissions (SFC). A recent report from the NIPFP shows that SFCs have been hampered by inadequate data as well as lack of staff and even places to operate. It highlights that many states have not appointed the SFCs in time and have not provided adequate support.
- Strengthening the Trust Based Approach for ULBs: The 14th FC had recognised the need to trust and respect local bodies as institutions of local self-government.
- Policy and action research on issues such as devolution of 3Fs, socio-political impact of their performance, practices for conflict management on governance issues etc.

Conclusion

Since ULBs are at heart of delivery of goods and services to people, it is imperative to strengthen them by greater decentralisation and empower them by meaningful devolution of the 3Fs i.e. funds, functions and functionaries to ensure the transformation from “Swarajya to Surajya” in the context of goals of ‘New India’.



4. What are India's immediate challenges in its dealings with countries like Myanmar and Bangladesh? Analyse.

Approach

Students are expected to write and analyse what are the challenges in dealing with countries like Myanmar and Bangladesh.

Introduction

Being the countries that sits at the intersection of India's "Neighborhood First" policy and its "Act East" policy, Myanmar and Bangladesh are an essential element in India's practice of regional diplomacy in the Indo-Pacific, and serves as a land bridge to connect South Asia and Southeast Asia.

Body

India's immediate challenges while dealing with Bangladesh and Myanmar –

Security challenges:

- India has been concerned over some militant groups like the United National Liberation Front (UNLF) and National Democratic Front of Bodoland (NDFB) from the North-East region taking shelter in Myanmar.
- Myanmar handed over 22 cadres of Indian insurgent groups in May 2020. The maintenance of security and stability in their border areas and mutual commitment not to allow their respective territories to be used for activities inimical to each other were re-stressed is the challenge for Indian foreign policy.
- The other big security concern for India is that Bangladesh should not turn into the frontline of radical terror in the southeast. Bangladesh could turn into a launchpad for religious radical terror activities in India.

Handling Rohingya Issue:

- India maintains that Rohingyas are a threat to its national security and have links with international terror groups. India has so far refused to exert any pressure on Myanmar for taking the Rohingyas back and giving them recognition as the citizens of Myanmar.
- The Rohingya issue and India's remarks in 2017 on the issue have been upsetting for Bangladesh which has been facing the challenge of providing shelter to more than a million refugees fleeing persecution.

Repatriation of illegal migrants:

- The National Register of Citizens (NRC) has left out 1.9 million Assamese from the list with a group labelled as "illegal immigrants from Bangladesh" living in Assam post-1971. India plans to seek their repatriation to Bangladesh. Bangladesh remains firm in its stance that no migrants travelled to Assam

illegally during the 1971 war of independence and that the controversial NRC risks hurting relations.

To control Chinese factor:

- Currently, Bangladesh is an active partner of the Belt and Road Initiative (BRI) that Delhi has not signed up to. In the security sector, Bangladesh is also a major recipient of Chinese military inventory, including submarines.
- The last thing Delhi policymakers would want is a failed Myanmar state at India's doorstep and a weakened Myanmar falling into the clutches of China as a satellite state, thereby being pressured to do Beijing's bidding in regional affairs. Without colliding head-on with China, Delhi scours for ways to outsmart Beijing so that the balance of power in mainland Southeast Asia is tilted in favor of India.
- India's long-term strategic goal is to create a Special Economic Zone surrounding the Sittwe port, and in so doing, cement India's footprint in Rakhine and boost its presence in the Bay of Bengal. The Sittwe port is meant to be India's answer to the Chinese-fronted Kyaukpyu port, which is intended to cement China's geostrategic footprint in Rakhine.

Border management:

- It is considered to be one of the losses for India of losing its indigenous variety and trade. Cattle haats along the India-Bangladesh border are becoming a source of cattle for smuggling. Dumping of Fake Indian Currency Notes, recently several duplicate notes have been found along the border, which cripple the Indian Economy severely.

Anti-Indian sentiments:

- Anti-Indian sentiments are getting rooted in the minds of people of region due to perceived notion of India's big brother attitude and its economic dependence to India.

Influence of Domestic Politics:

- India's domestic politics always had an impact on our regional policy. The same is true of our neighbours like Bangladesh and Myanmar whose domestic politics impact their engagement with India.
- For example: West-Bengal's Chief Minister pulled out of the Teesta Waters agreement between India and Bangladesh.

Improving Regional Connectivity:

- India's economic reorientation since 1991 and the rediscovery of regionalism did open possibilities for reconnecting with its neighbours. Thus, connectivity must be pursued with greater vigour while security concerns are addressed through cost-effective, efficient and reliable technological measures which are in use in other parts of the world.
- For example: India and Bangladesh have signed several pacts, so India can actually send goods and passengers over land across Bangladesh, connecting

Bengal to Tripura. India, Myanmar, and Thailand are building the Asian Trilateral Highway and Kaladan Multi-Modal Transit Transport.

- Arakan Army rebels on the one hand, and on the other, the Arakan Rohingya Salvation Army. Also Insurgents from India's Nagaland have also disrupted the completion of the KMMTT project.

Conclusion

There is no doubt that the challenges which India must deal with in its neighbourhood will become more complex and even threatening compared to two decades ago. But neighbourhood first policy must be anchored in the sustained engagement at all levels of the political and people to people levels, building upon the deep cultural affinities which are unique to India's relations with its neighbours.



5. What are your expectations with today's budget? Please outline five areas where you would like to see some intervention.

Approach

Candidate is required to understand the importance of this year's budget. A broad theme of expectations can be outlined in first part of body and then major five areas can be stated, that should be priority of government for spending. Answer can be concluded with similar historic budgets of the past with a way forward.

Introduction

Budget of 2021 is historic in several sense. We have witnessed once in a century slowdown and an urgent economic intervention with a lightning reforms is expected to revive economy. GDP fell sharply when lockdowns restricted activities, and has bounced back once lockdowns were lifted, particularly as the infection-fatality rate of coronavirus in India has turned out to be much lower than feared earlier. Hence a budget for already thriving economy is expected.

Body

1. Providing impetus to investment and spending

- The pandemic has adversely hit the savings and consumption in the economy. To boost consumption the government may consider a one-time tax deduction for all individual taxpayers in respect of expenditure incurred by them on travel & stay in India, purchase of electronics, white goods, and vehicles, that are manufactured in India. This would help provide impetus to the ailing hospitality industry and give boost to make in India.

2. Healthcare

- After the pandemic-hit year, India's healthcare sector is looking for holistic reforms like reduction in taxes on healthcare and treatment besides higher budgetary allocation. Better allocation for pharma research is also on the cards.

3. Defence

- The government's defence spending got a boost last year in the wake of the conflict with China at the Ladakh border. The government is likely to announce higher budget allocation for the defence sector, with focus on indigenous procurement and R&D.

4. Increase in government spending

- This Budget is also likely to see increase in government spending on infrastructure, both urban and rural. Not only will this help generate employment for people who have lost their livelihoods due to the pandemic, particularly the unskilled and semi-skilled workers, but would help rekindle both rural and urban demand. This is extremely important for India

5. Incentivizing the employment creators (start-ups)

- Indian Start-up eco-system, though still developing, has been instrumental in creating 21 unicorns valued at USD 73.2 billion and it is expected that more than 50 start-ups might join the unicorn club as early as 2022. They are going to be an important part of the vision of "local to global".

6. Education Sector

- There has been a paradigm shift in the mode of learning and teaching method and also in the meanwhile of challenging pandemic there has been approval of The National Education Policy (NEP) by the Union Cabinet. technology in Education, guidelines for NEP implementation, Rural education, Primary Education considering health of students along with their ability to pay tuition fees are important factors.

7. Incentives to promote ease of doing business

- Among the chosen 190 countries, India ranked 63rd in Doing Business 2020 from 142nd in 2014 as per the World Bank Report. The Indian government envisions to take the country to the top 50 in the global Ease of Doing Business rankings.

8. Agriculture

- The government may increase its overall agriculture expenditure to pacify farmers protesting against its farm laws. Steps are also expected for expansion of warehousing and storage capacities.

9. Railways

- Privatisation of trains and infrastructure development remain top priorities for the Indian Railways. While budget allocation may see only a marginal rise, measures may be announced for better public-private partnership (PPP) in passenger train operations.

Conclusion

There is no denying that the economy is facing trying times and it may not be easy for the government to provide "please all solutions". However, with the receptiveness shown in hearing out all stakeholders concerns, we can expect that Budget 2021 to be a reformist one that will place the economy firmly on a high growth trajectory.