

LAWRENCE SÁEZ, *Federalism Without a Centre. The Impact of Political and Economic Reform on India's Federal System*. New Delhi: Sage, 2002. 252 pages, Rs 440. ISBN 81-7829-073-1 (India, hb.) / 0-7619-9593-5 (US, hb.)

India's federal system is undergoing a spectacular transformation to which both political and economic changes have contributed. The change from a one-party dominant system to a competitive multiparty system with regional and state-based political parties playing a more prominent and dominant role is the main political factor. The economic change that has accompanied this transformation in the political sphere is the transition from a controlled to a more open and liberalised economy. This liberalisation programme substantially reduced the degree of control exercised by the central government, leaving greater scope for state initiative and innovation. This interestingly titled book grapples with this dual change and attempts to understand their impact on the Indian federation.

The central points of this book could be summarised as follows. The most significant transformation in India's federal set-up has been the shift of focus from inter-governmental cooperation between the central government and the states to inter-jurisdictional competition among the latter. Though both political and economic reforms have been the impinging factors, the impact of economic liberalisation, according to Sáez, appears to have had a 'more profound and lasting impact on India's federal system'. Debates on federalism in India have hitherto focussed on vertical federalism, the relations between the centre and the states and inter-governmental institutions, as was evident in the Sarkaria Commission report and other reports like the Rajamannar Commission, and the West Bengal Memorandum. The recommendations and propositions in these reports did not say much about horizontal federalism, relations between component units, and are therefore outdated and ill equipped to handle the new elements of federalism in India. There is a need for inter-jurisdictional institutions, which the author believes will be able to handle the pressures arising from inter-jurisdictional competition.

Composed of eight chapters the book covers a wide spectrum of subjects, ranging from political aspects like the Constituent Assembly debates, the Sarkaria Commission report, the Inter-State Council and parties and party system to economic liberalisation, a comparative study of energy reforms, and telecom and banking deregulation in India and China. Consequently, the literature covered is also vast, it includes the study of party systems, comparative federalism, economic development and foreign direct investment.

Three notable areas stand out. First, Sáez' presentation of the political transformation differs from prevailing ones, in so far as he uses the changing pattern and composition of state legislative assembly studies to highlight the diversity of the party systems throughout the country and the pivotal role of the regional political parties. Second, his study of the Sarkaria Commission, its recommendations and the debates that followed, is another interesting aspect. Though the Commission's report has been available for more than a decade, very few studies have actually used this source. At a time when there is increasing use of the

survey method to obtain data, Sáez' extensive and intelligent use of the Commission's report highlights how alternate sources like old reports and memoranda serve as a valuable historical recorder of opinions and reliable source of information. Third, institutions in India have rarely been evaluated for their effectiveness. Sáez demonstrates the ineffectiveness of the Inter-State Council (ISC), using Theodore Caplow's multivariate model of organisational effectiveness. This could also be used for evaluating other institutional mechanisms.

The major focus of the study is on economic liberalisation and its impact on federal relations. Unlike the widespread political changes, economic reforms have been limited to a few states. They have forced states to fend for themselves, have increased competition amongst them for resources, and led to a polarisation. A study of foreign direct investment (FDI) in various states showed that some states are FDI magnates and others FDI laggards. The differential nature of the investment incentives offered by different states is used to highlight the nature of competition. This inter-jurisdictional competition among the states reflects the new pattern of federal relations. As the older institutions of inter-governmental cooperation have been ineffective, they have been neglected in this new situation.

It would be hard to disagree with Sáez' main proposition that there has been a marked increase in inter-jurisdictional competition with the liberalisation of the economy. However, the emergence of competition does not necessarily lead to the decline of, or lessen the importance of inter-governmental relations or cooperative federalism, which is emblematic of the "shared rule" component in the principle of federalism. These two relationships take place at two distinct levels. There is no inverse or even direct connection between the two types of inter-relationship. Secondly, while the ISC may not have lived up to expectations, keeping in tune with the changed nature of the party system there has been a spurt in the use of ad-hoc 'executive' federal mechanisms like ministerial and Chief Minister's conferences and all-party meetings.

Furthermore, the fact that Sáez focuses solely on competition for FDI as an indicator of inter-jurisdictional competition renders the picture of the relationship between the units incomplete. The competition is not solely in the economic sphere. States, for example, have also attempted to improve the quality of governance and human resources. Despite the competition, states have also been able to reach agreements among each other, with the central government acting as facilitator to protect their common interests. The recent agreement between states on value-added tax (VAT) was born out of the realisation of the pernicious effects of debilitating competition.

Sáez' concentration on things economic tends to downplay the political. A more balanced approach would have brought out the multifarious nature of the change in Indian federalism. A competitive and regionalised multiparty system could throw up varied party configurations at different levels, increasing the possibility of inter-governmental competition. He himself points to the friction between the central government and some state governments regarding energy policy. In spite of the gradual political and economic reform, the strong centre model of federalism has remained almost intact. Hence, it is empirically not

viable to speak of federalism without a centre in the context of India. A focus on the political change would however have revealed a key new dimension of federalism in India. States, through political parties represented in federal coalitions, are now key participants in decision-making at the national level. States now play a role in wielding the immense power of the central government and thus tempering it to a large extent.

Though federalism is one of the complex background – and now increasingly foreground – factors that structure political behaviour in India, it has been one of the lesser researched areas of the Indian political system. Scholarly analyses have therefore been few and far between; Lawrence Sáez' work is thus a welcome contribution.

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AIDAN COX, STEEN FOLKE, LAU SCHULPEN AND NEIL WEBSTER, *Do the Poor Matter Enough? A Comparative Study of European Aid for Poverty Reduction in India*. New Delhi: Concept Publishing Company, 2002. 320 Seiten, Rs. 400. ISBN 81-7022-914-6

Diese Studie analysiert die europäische Entwicklungshilfe für Indien im Hinblick auf die aktuellen Armutsbekämpfungsprogramme. Sie basiert auf einer Evaluation von 33 unterschiedlichen Projekten, die teilweise von der Europäischen Kommission, teilweise von Dänemark, Deutschland, Großbritannien, den Niederlanden oder Schweden finanziert werden. Die Fragestellung ist umfassend und versucht sowohl der Geberseite gerecht zu werden als auch der indischen Seite. Das Ergebnis ist äußerst differenziert. Es wird vor allem in Rechnung gestellt, daß europäische Armutsbekämpfungsprogramme nur einen geringen Bruchteil zur Lösung der Armutsprobleme in Indien beitragen können (vgl. S.28), während einschneidende Verbesserungen nur über die Eigenleistungen der indischen Regierung erreicht werden können. Die Autoren betonen jedoch gleichzeitig die Bedeutung der regionalen Unterschiede. Deshalb kann vieles, was nicht über Indien als Ganzes gesagt oder positiv vermerkt werden kann, für einzelne Bundesstaaten sehr wohl von großer Bedeutung sein.

Inhaltlich stimmen die Autoren darin überein, daß sich Armut auch in Indien am nachhaltigsten über die Verbesserung der Rahmenbedingungen bekämpfen läßt. Hierfür gibt es zwar viele Ansätze, aber nur wenige aufeinander abgestimmte Strategien. Es gibt viel Konsens über den Bedarf, aber nicht genügend über die Ziele. Handelt es sich bei den zu verbessernden Rahmenbedingungen um die allgemeinen internationalen Forderungen nach Good Governance, Partizipation und mehr Mitverantwortung für Frauen oder um die spezifisch indischen Forderungen nach Verbesserung in der Schulausbildung, in der Trinkwasserversorgung und im Gesundheitswesen? Es ist in Indien vor allem unter der betroffenen, ärmeren Bevölkerung noch viel zu wenig akzeptiert, daß die allgemeinen und die spezifischen Ziele keinen Gegensatz bilden, sondern zusammgehören. Unter dieser Perspektive wurden in der letzten Zeit drei Forderungen nach einer Verbesserung der Rahmenbedingungen besonders häufig hervorgehoben: a) die Neustrukturierung der Agrarsubventionen und der Preis-