

# CHAPTER - I

## Introduction

In any federal country there would be division of administrative and political functions into two, such as between union and state governments. The degree and meaning of federalism has been differently applied in various federal countries. Thus, it is imperative in a federal country, there has to be a clear cut division of powers between the two setups of administration, which can be usually codified in the form of written constitution. Actually, federal nation is the handiwork of those people who are settled in a common geographically located and confined area, having some ideological interests, bounded by certain common historical background, pursuing common economic interests, and it may also be the result of domination of some coercive forces. It may also be due to their interest in protecting or safeguarding their lands from any sort of encroachment. But the degree of power wielded by the union and state governments differs from one country to another.

Indian federalism had unique identity, distinct from other classical federal states like America, Switzerland, Australia and Canada. The Constitution of India is a mixture of federal features with unitary. It was the outcome of historical Acts and Regulations from the British period. Regulations of 1773, 1784 and Acts of 1883, 1853, 1858, 1861, 1892, 1909, 1919, 1935 and Indian Independence Act 1947 are contributing to the present form and characteristics of the Indian Constitution. Immediate factors like partition of the country, diversity of the people in language, religion, race, customs, traditions and castes are important in the eventual drafting of the Indian constitution. Congress party domination or what Rajni Kothari termed the “Congress System” at the centre and in states, Prime Minister Nehru and his personality, planning system introduced in 1951, had driven the nature of Indian political system into a unitary one. Decline of the Congress after 4<sup>th</sup> General elections,

emergence of regional political parties in the states, Indira Gandhi autocratic attitude and National emergency, war with neighbouring countries and the 1990s liberalisation of India economy, judicial interpretation in famous cases like S.R Bhommai, Keshavanad Bharti and all these factors had effects on the moulding and remoulding of India Constitution whether towards unitary or federation.

In the Indian constitution, there are three types of power arrangements viz., the union lists in which the Union Government have the sole legislative and executive power, state lists in which the states are free to legislate and lastly the concurrent lists in which both the state and union have powers to legislate upon, but the union had upper hand in case of any conflict. The centre-state relations in India is one of the controversial issues since independence. The expectations of the founding fathers of the Constitution have been sometimes neglected and even some provisions in the Constitution have been abused to the disadvantage of the states. Perhaps, since independence, there are no states which are completely immune from the disease of centre-state conflicts. Changing political and economic circumstances has conditioned the prospects of Indian federalism. Not only that, judicial interpretations of the constitutional provisions had also shaped and reshaped it to a great extent. While some strained political and economic issues became outdate, new issues have been cropped up. Issues and experiences vary from state to state, though; some general trends can be detected. Even their perceptions can be different if one examines either through the lens of centre or through that of the states. But it is evident that the growing power of the central government and its political as well as financial institutions had deteriorated the position of the states to a mere puppet.

Political leaders in the state and those who advocated for state autonomy in India were pleading for more decentralisation of power, sufficient resources transfer, security from central encroachment through the Article 356 and Central Reserved Police Force. These

factors like, the process of appointment of executive head of the state i.e. Governors and their role as agents of the Union Government, neglected of convention according to which Presidents were to consult the State Chief Minister in the appointment of Governor. Politicians appointed to the Governor post against the recommendations made by Commissions appointed for studying centre-state relations from time to time are playing detrimental role for the state autonomy. Advantageous position of the centre in the revenue distribution, absence of well formulated principle acceptable to all states in the resource transfer among the states, ever increasing role of Central Government clutches even in the subjects listed in the State list in the Seventh Schedule, widening welfare role of the state against the financial dependency on the centre, all these hampered a smooth relations between centre and states. Moreover, the increasing quantity of discretionary funds released through the Planning Commission, an extra-constitutional body which was in the hands of central cabinet, in lieu of the Constitutionally formed Finance Commission under Article 280, the role of All India Services like the IAS, the IPS and the power to create a new services by the Union Parliament, misuse of Article 356 for toppling the states ruled by some party other than the party in power at the centre and many more factors are still working to diminish the autonomy of states and against the general interest of the states in India.

Before the British established permanent settlement in the Lushai Hills, it was more or less like the ancient Greek City States. Every village was under one supreme chief “Lal” who is responsible for legislative, executive and judicial matter in each village. System of government was autocratic in the sense that the chief selected those well-to-do villagers to help him in the affairs of village administration and called them as elders “Upa”, their subjects had no say with regards to the appointment. The chief and his elders simultaneously were playing the role of Supreme Court in modern sense of the term and their decisions were un-appealable as no higher court existed. The chief had ultimate authority to declare war and

conclude peace with other villages. The history of pre-British era in Lushai hills (Mizoram) was characterised by frequent inter-feud warfare. Shifting cultivation was practised and rice was the principle food of the Mizo people. Scarcity of fertile land used to force them out to find new fertile land and there was no permanent land boundary of different villages. This was one of the main reasons for war at that time. The Chin-Lushai Expedition of 1889-1890 established the British supremacy in a permanent manner. Shakespeare, the First Superintendent, introduced the “Land Settlement” for each chief’s land and this prevented frequent inter-feuds rivalry over land. Many of the privileges which the chiefs enjoyed earlier were also abolished.

Mizoram was under the British rule and it was put under the Assam province as Lushai Hills District till India attained independence. It was given the status of Autonomous District Council in 1952 under Assam state and later in 1972 it was upgraded to Union Territory status. During the era of District Councils i.e. pre-1972 period, it was under the administration of Assam Government, and her relations with the union government was in an indirect manner. In 1972, it was upgraded to the status of Union Territory with Ch.Chhunga as the first Chief Minister. This period opened up a wider scope for direct relations with the union government and financial assistance from the centre had begun to pave for a new route of socio-economic development in the state, resulting into more active and versatile relations with the union government. After two decades of insurgency, during which the memories of the Mizo people are abound with unforgettable memories of misery and hardship. In 1987, the Union Territory of Mizoram was granted statehood to be the 23<sup>rd</sup> state of India with Laldenga, the stalwart of Mizo National Front, inaugurated as the first Chief Minister of the full-fledged state of Mizoram. Since then, the ties which knot the state together with the union government had become stronger.

Initially, since it was granted the District Council status, the economic condition of Mizoram was extremely bad. It started a journey with having financial debt from the centre. There was neither any big industrial establishment nor any sufficient production of foodstuffs in the state. So, the newly created Mizoram state was almost totally depended on the central assistance. As always experienced in other states, whenever there was a change of ruling party in the centre, there used to be corresponding changes in the centre-state relations. Mizoram also had undergone similar experiences.

The centre-state relations in India can be classified into three aspects such as, one- identical, when the parties in power, both in the state and centre are the same in which relations and even tensions can be managed by the party high command. Two, congenial, when different parties, but same ideological principles, formed government in the state. Three, hostile relations- when two parties differ in their principles and ideology which formed government at the state and centre. The above mentioned aspects, especially the first and the third one are being experienced in Mizoram since recently. The problems that one had to tackle are confined within a specific timeframe and regime context. The congress party under the leadership of Lalthanhawla emerged as the single largest regime in Mizoram general elections, held in 2013, and a stable government was formed in the state. The present congress regime in Mizoram experienced the rule of two parties at the centre viz. Indian National Congress (INC) as part of the UPA in its early days and the Bharatya Janata Party (BJP) as part of the NDA after the 2014 Lok Sabha general elections in India.

The study of relationship between the state and union governments can help us to understand the nature of Indian federalism, and thereby to identify the fault lines, be it political, constitutional or financial. It is useful to examine the nature of central assistance for a state to implement the welfare policies. How important the role of governor is and the expectations of the centre towards the Governor can also be seen.

## **Review of literature**

Due to dearth of sufficient secondary source material, the research is broadly based on primary sources of information. However, for any theoretical and conceptual clarity, an historical analysis of the problem has been undertaken in the following cases of study.

*“Historical evolution of Federal Finance in India”* by K.Gopal Kumar. Federal Governance A Graduate Journal. 2012. Vol.9. no.2, pp.27-44. Gopal stated that fiscal federalism in India was not the result of indigenous thought, they were shaped and reshaped by the various Acts in the colonial era. From 1858, when the British crown took over direct administration of India, federal finance with provincial fiscal administration had begun. Based on the major development, the writer broadly divided the evolution of fiscal federalism in India into five phases such as (1) conceptualising decentralised finance 1858-1871, (2) informal decentralisation of finance 1871-1919, (3) formal decentralisation of finance 1919-1935, (4) decentralisation of federal finance 1935 -1947 and (5) starting of constitutional federal finance.

In the first phase there is no significant contribution towards decentralisation of federal finance. Samuel Liang, Financial Member of the Governor General’s Council was the first person to propose to grant some financial power including power to the province.

The second phase witnessed a gradual process of progressive devolution of financial authority from the central to the provinces. Under Lord Mayo various schemes were implemented like the Provincial Financial Settlement, the Quinquennial Arrangement, the Quasi-permanent settlement and the Permanent settlement. These settlements were instrumental for building a healthy fiscal condition of colonial power, not with the ultimate aim of provincial development.

The third phase is remarkable in the history of Indian fiscal federalism. The Government of India changed its approach in the devolution of resources to the provincial government. The Montague-Chelmsford Report of 1918 did a lot for new emerging trends. It criticised too much central control and interference in the provincial matters. Provincial subjects are divided into “Reserved and Transferred” subjects and report also suggested for a complete separation of central and provincial budgets. The Government of India Act marked the beginning of formal decentralisation of finance in India. It abolished the system of divided heads of revenue and provided for the separate heads of revenue, both for the centre and the provinces. Conferring the right of taxation and power of borrowing on the provinces was a milestone in the evolution process.

Within this phase important commissions and committees were formed like, the Indian Statutory Commission (1930), the First Peel Committee (1931), the Percy Committee (1932), the White Paper on Indian Constitutional Reform (1931), the Second Peel Committee (1932) and the Parliamentary Committee (1934) which made various recommendations and suggestions which resulted in a revised fiscal federalism in the act of 1935. Act of 1919 is not without shortcomings, it vested to central, provinces derived their financial power not through constitution, but it was mere a delegated power.

In the fourth phase (1935-1974) one can see realisation of many recommendations made earlier. The Government of India Act 1935 inherited many of the provisions in the present constitution and it provided the basic structure of Indian fiscal federalism. Legislative powers were divided into three lists, the central government and provincial government enjoyed exclusive power in the list 1 and 2 respectively and in the list 3 both enjoyed right to legislate with dominating role to the central government in times of conflict. There was a clear separation of accounts and revenue of the central and provinces. But this act also suffer from many defects, revenues assigned to the provinces is not enough to commensurate the

expenditure for developmental programmes. As a result, provincial governments were forced to concentrate mainly on ordinary administration.

One can see the actual working of the Indian constitution in the last phase. As the writer says, it didn't pay too much concern to distribution of subjects between central and states government as it was more or less the copy of the Act of 1935. One of the remarkable new provisions is Article 280 under which the Finance Commission was constituted with formal responsibility to deal with the matters connected with the distribution of revenue between the centre and the states and the states inter se. As the Government of India Act 1935 was unique for its strong centripetal tendencies the same was reflected in the new constitution as well.

*"Federalism without a centre; The impact of political and economic reform on India's federalism"* Lawrence Saez, Sage Publication, New Delhi (2002). Saez argued that the prevailing political, economic and social conditions during the partition of India motivated members of the Constituent Assembly to ask for strong centre for promoting national integrity. Members of the Assembly taking account of the atmosphere of hatred between Hindus and Muslims, regional diversity in language, culture and religion, ethnicity and tradition, they felt it necessary to build a strong central government as buttressed by some provisions in the constitution to maintain geographical and political unity in India. So, as a result in the very first article India is mentioned as a union but not a federal state.

India's federalism is under the influence of changing circumstances. The changing economic condition in the early 1990s had transformed India's inter-governmental co-operative federalism into inter-jurisdictional competitive federalism. Saez mentioned that, the FDI magnet states had then becoming less dependent on central financial assistance and the competition among states for attracting foreign investor is the main factor that changed the



perspective of India's federal system. With the transformation in federal relations changing the institutional design of inter-governmental institution will not be able to mediate conflicts arising out of inter-governmental co-operation. This problem could be resolved with the creation of inter-jurisdictional institution. In the light of increasingly competitive patterns of federal relations in India, this absence creates a problem for the horizontal integration of the states in India.

*“Mizoram: Politics of regionalism and national integration”* Lalchungnunga, Reliance Publishing House. New Delhi (2004). In this book the author gives a brief definition of regionalism and different perspectives on it, such as dominant, defensive nationalistic, assimilationist, communicationist, accommodationist, elitist, comparative, competitive and regionalist perspective. Among these perspectives defensive nationalist perspective, assimilationist perspective and regionalist perspective are the factors which are responsible for the case in Mizoram in particular. In the later part of this book, Lalchungnunga suggested various strategies and measures for combating regionalism. He advocated pluralist model of nation and any forceful attempt to achieve national unity and integrity on uniform basis at the cost of losing identity, culture, religion by minority would lead to counter-productive. This book is important for its detailed outline on conceptual clarity with the manifestation of regional feelings among the Mizo. His suggestion for mitigating regional feelings and attempt to imbibe Indianness into the mind of the Mizo is still relevant.

*“State autonomy in Indian federalism: Emerging trends”* by Dr. Chandra Pal. Deep & Deep Publications, New Delhi (1984). Pal gives a classic definition of federalism as merger of a number of separate states with legislative and executive powers co-ordinately divided between federal and unitary governments, each of which acts independently and directly on the people. He points out criticism of Indian government such as (1) article 3, (2) article 352, 356 and 360, (3) article 256 and 257, (4) absence of the word ‘federation’ in the constitution

and (5) central power to legislate on the state list in situations like national interest, in times of emergency, with the consent of two or more states and to give effect to international agreement. The writer affirms that the basic essence of federalism in a vast and expansive country like India is the presence of regionalism and sub-regionalism and their demand for regional autonomy to fulfil their psycho-cultural aspirations. So he viewed regional sentiments that were neither strange nor irrational. The author is in favour of unity in diversity, he viewed regionalism positively and as inevitable. He suggests creation of more states for facilitating economic development and political decentralization.

But he apprehends an extreme form of regionalism for its threats to national integrity. Distribution of power is the bottleneck in centre-state relations. The Rajamanar Commission suggested for reduction of union list items and incorporation of many of the concurrent list items into the state list. From his careful analysis the writer argued that over-centralisation of economic and political power and too much decentralisation can have a detrimental consequence in a diverse country like India. Chapter five of this book is devoted to the discussion on the role of governor in centre-state relationship. The dual role of governor such as representative of ruling party at the centre and executive head of the state always create tensions ranging from the manner in which he is appointed to his performance of various roles.

*“The changing political economy of federalism in India: A historical and institutionalist approach”* by Aseema Sinha. India Review, Vol.3.No.1. January 2004,pp 25-63. In this article Sinha mainly talked about the changing pattern, scope and nature of Indian federalism and the changing nature of centre-state relations after the economic liberalisation process started in 1991. Market-determined economy not only freed domestic and foreign industrialists from the clutches of rigid central directing hands but also unwillingly decentralised political power. But it is an irony that while there was diminishing directive

role of centre over state in industrial policy, there is an increasing monitory and supervisory, sometimes directive role of state in the case of industrial policy within their jurisdiction. Economic liberalisation led to the process of political decentralisation and this in turn led to the extensive welfare role of the state among the people at the grassroots level in the absence of corresponding devolution of revenue sources to the states. As a result, the fiscal burden of the state had become heavier than what it was earlier and fiscal health much more precarious.

*“Federalism in India: A critical appraisal”* by Dr. Chanchal Kumar. Journal of Business and Social Science Research. Vol.3, No.9, September 2014. The writer touches the topic of tax separation between the union and the states. As most of the flexible and broad-based taxes have been assigned to the centre, states have insufficient financial resources to fulfil the growing social welfare responsibilities that were allotted to them. Competition among the states for attracting foreign direct investment that had paved the way for a new division of states into advance and backward ones, weakening of the welfare state’s role had delegitimized the position of the states and the ever increasing gap between the rich and poor had remain unmitigated.

*“Federalism in India: Time for relook”* by Surendra Singh and Satish Mishra. Observer Research Foundation (ORF), July 2012. This article has highlighted that public discourse on Indian federalism had gained more prominence after 1991 due to increasing role of regional or state parties in the coalition government at the centre. Certain initiatives taken by central government like, the Amendment of Railway Act (1957), formation of the National Counter Terrorism Centre, mandatory establishment of Lok Ayukta in every state and the Border Security Force Amendment Bill (2011) had infuriated some states. These initiatives had gone against the federal spirit of the constitution in the opinion of the states. The writer suggests that gradual redefinition of federalism without

losing the national interest was a must. Security threats from outside and from within in the form of Maoists needed to be tackled on the unitary form of government.

*“How has Indian federalism done?”* by Ashutosh Varshney. Sage Publication 2013.

The writer says that the view that India needed strong centre at the cost of units to maintain India a more cohesive one proved to be wrong. The writer by using the metaphor ‘Salad Bowl’ advocated about embracing of diversities in language, caste, religion and tribe as an inevitable elements which must be held together. But only language and distinct tribe were regarded as the determining basis for state formation. People with distinct language and tribe were territorially concentrated and are the mainstay of Indian federalism. Religion as an element proved to be dangerous. The writer focussed on the constitutional division of power relations. One of the most debatable articles is the article 356. Over the past five decades, there were hundreds of occasions in which this article was applied. But after 1989, situation changed due to growing power of regional parties. In 1994, the Supreme Court ruled in the SR Bommai case that the central government had to show relevant evidence justifying its decision to exercise its power under this article. So, this arbitrary article had now become almost ‘dead letter’ as envisaged by Dr. Ambedkar long ago.

*“A Century of Government and Politics in Mizoram”* by V. Venkata Rao, H. Thansanga and Niru Hazarika. S. Chand and Company, 1987. This book is a valuable source of information on the political history of Mizoram. It deals with various political events and how the political system was evolved from time to time. The political condition of Lushai hills before the India independence and how it was administered under Assam province as a hill district, the political stalemate which evolved among the people of Mizo in the impending period of Indian independence, various suggestions from the British, Mizo Union Party and the United Mizo Freedom Organisation are dealt with. The book also traced how administration was carried on after independence, the setting up of Lushai Autonomous

District Council (later Mizo District Council), insurgency problems and the possible determinants of such incidents. The upgradation of the District Council into the status of Union Territory and granting of Statehood are also covered. Though it is not the main topic, the book throws some information on the relations between the District Councils and the Assam Government.

*“Mizoram: Society and Polity”* C. Nunthara, Indus Publishing Company. 1996. The author in this book takes a sociological perspective on the Mizo society and polity. In addition to his works on the physical features of Mizoram and the composition of its population, early history, fight with the British and the condition of the land after British domination and the consequent modernization process, he makes an in-depth study on the social life, tradition and custom, relationship within the community and religious beliefs with a convincing manner. He briefly outlined how social life was working on, in which the duty of women, men, rulers and elders were respectively playing their role. In the chapter on Social Organisation, agriculture was the main occupation and its impact on social life and values were mentioned. The introduction of modern education system by the British and the subsequent emergence of middle class in the society mainly constituted by educated people who were in the services of government. This emerging new middle class and contact with the out-group people during the First and the Second World Wars brought about a new consciousness in the Mizo society. The traditional elites, due to their inability to conform to the new life introduced by the Christian missionaries and education, were losing their popularity resulting into the ultimate abolition of chieftainship in 1954.

The Village Council administration started functioning on the ashes of the demise institution of chieftainship. But without traditional sanction that used to possess by the traditional chiefs, these village councils failed to command the respect of the people which in turn resulted into the opportunist in the Mizo society, according to the writer. In the chapter

on Political Development in Mizoram, he traced the origin of modern political consciousness in Mizoram. He gives a detailed account of the political events in the land during the District Council period, Union Territory and finally to the conclusion of peace between the MNF and the Government of India.

All political parties in Mizoram before 1987, especially the larger ones i.e. Mizo Union, Mizo National Front, Congress, People's Conference and United Mizo Freedom Organisation have been studied with particular emphasis on organisational structure, leadership patterns and policy for winning majority support. Mizo Union was against the chiefs and traditional autocratic tendencies. Congress was against the conservative and traditional attitude of Mizo Union with its claim of pro-MNF stand capable giving peace to the people, People's Conference with its ethnicity-based policy and pro-MNF party in its early days and MNF as the party representing true Mizo nationalism and fighting for greater Mizoram. The origins of MNF was covered and its underground organisational structure and hierarchy of leadership and the leadership crisis upto 1966. The liberation of Bangladesh in 1972 effected MNF in two ways that its hideout was deprived of and the material support it received from Pakistan Government was cut off.

In the process of nation building amidst the ethnic diversity, the absent historical connection and the failure to incorporate the Schedule Tribes in the new nation due to the neglect of distributive justice and adjustment and the relatively immobile character of Indian society give arise to the emphasis on ethnic boundary among the hill men which stands in the way of a national integration and consequently of nation-building. At the same time, modern technological innovations greatly contributed to the absorption of tribal group into larger outer group with its role in diminishing the extreme homogenization process in the erstwhile isolated tribal society. Economic development creates class system in the society and necessitates more contact with the outsiders. But in Mizoram, during the insurgency period

the atrocious activities of the Indian army personnel strengthened support for ethnic solidarity as advocated by the MNF.

He suggested tolerance of differences, regional autonomy for cultural and economic development, protective discrimination, distributive justice and judicial safeguards for elimination of barriers between tribal group and plain people.

*“Post-Colonial Mizo Politics 1947-1998”* by Chitta Ranjan Nag, Vikas Publishing House Pvt. Ltd. 1999. In this book, Nag attempt to focus on the political events during the period between Indian independence and 1998. He analysed the historical background of political development from the post-colonial period, the emergence of middle class in the politics and how they dominated the political scene in Mizoram after independence in the name Mizo Union Party and how it tussled with the rival United Mizo Freedom Organisation. This book also contains an analysis on how the District Council were in Mizoram evolved and its subsidiary administrative set up for democratic decentralisation likes the Pawi-Lakher Regional Council and the Village Council and their respective executive, legislative and judicial functions. Rules, regulations and acts made by the District Councils and the customary laws are also covered. How different political parties were emerged in Mizoram and their activities and their role as a ruling party or opposition party, and the administrative development of Mizoram under different political administrative machineries are discussed.

*“Emergence of Mizoram”* P.Lalnithanga, Lengchhawn Press, 2005. The writer had covered some important topics and political events in Mizoram. He gives an historical account of the Mizo people, how they entered the present state from Burma after crossing Tiau river in the eastern side of present Mizoram during the 15<sup>th</sup> century. He traced the chief clan of Sailo and their contacts with the people in the neighbouring areas and with the British in the 17<sup>th</sup> century. Traditions, institutions, practices and customs like village officials,

Zawlbuk, tlawmngaihna (altruism) courtship and marriage, women's possession, divorce, adoption, funeral, inheritance, religion and festivals are dealt with. The administrative system before insurgency when it was under the Superintendent, outbreak of insurgency and counter insurgency that followed and other important political events and development like reorganisation of the North Eastern Areas and the consequent upgradation of Mizoram Autonomous District Council into the Union Territory are discussed. New administrative set up under the UT Government are highlighted such as re-employment of earlier District Council employee in the new UT Government. New officials like Lt. Governor, Chief Secretary and their functions are also mentioned. This book also covered socio-religious field in which the birth of new religion as a result of English missionary efforts in the late 19<sup>th</sup> century and its impact on social life, religious revival from time to time. The sufferings of the people during the insurgency period and the public hatred against security personnel and the formation of Human Rights Committee by T.Sailo, a retired Brigadier in the Indian army, to improve relations between public and army personnel and to act as a watchdog for people's Fundamental Rights and its subsequent transformation into a political party named, People's Conference Party are written.

Activities of NGOs for the moral regeneration of the Mizo people in certain social evils like corruption and drinking of alcohol, the issue of Chakma refugee repatriation and in political fields, the downfall of People's Conference Party, coming of Congress party into power at the state and its publicised New Land Use Policy for removal of poverty, and at the centre the tragic death of Prime Minister Indira Gandhi are included in a precise manner. Dialogue for peace between Laldenga and the Central Government was still going on at that time in New Delhi, so finally the Peace Accord was signed on 30<sup>th</sup> June 1986. Mizo National Front came over ground with a promise of working under the Indian Constitution and in accordance with democratic principles. As a result of the peace accord, many MNF



underground personnel had returned to normal life and the State Government on their part rehabilitated these personnel with finance. In the first Mizoram State Legislative election in 1987, the MNF formed the ministry and Laldenga became the first Chief Minister of state but this ministry did not last long due to internal rift in the party. As recommended by the Governor of the state, the President's rule was imposed in the state on 7<sup>th</sup> September 1988. The return of Congress Party in the 1989 election with Lalthanhawla as Chief Minister and the demise of Laldenga and his funeral ceremony were clearly highlighted. In the state election of 1993 Congress again captured power but in the Fourth Mizoram Legislative Assembly Election in November 1998 MNF and MPC alliance formed the Government with Zoramthanga as the Chief Minister. At the centre political instability and coalition politics were on the ground. With the passage of time Mizoram had also attained some important landmarks like the establishment of Mizoram University, College of Veterinary Science and Animal Husbandry at Selesih, Aizawl, permanent Aizawl Bench of Gauhati High Court, Aizawl Law College among others.

*"Federalism in India ; A Quest for New Identity"* Dr. Sarita. Regal Publications, 2009. The author had dealt with a conceptual theory of federalism. Federalist state is a state in which two political setups function together to protect and promote their interest together. Two forces i.e. Centripetal and centrifugal forces are in operation. It is a system in which government power is divided between a government for the whole country and the units so that each can act independently within its own sphere. Three theories on federalism such as classical, origin and functional theories are mentioned. Famous federal countries like United States of America, Canada, Australia, and Switzerland are analysed. In the United States of America there is a written constitution which is rigid and it clearly divides power between the federal and state governments. Separation of powers is the principle on which political system is based and legislature, executive and Judiciary act independently and sometimes at

variance. In Switzerland, there is no supremacy of the constitution in the sense as it is in the America is, though it is written and rigid legislature had upper hand there. The nature of the Switzerland federalism has been undergoing changes due to factors like war, depression, demand for ever increasing social services and the mechanical revolution in transport and technological revolution in industry drive it towards centralisation in the Swiss Federation. Australian federation is following the American model and the Canadian system had the background of racial conflict between British and French nationalities in the country. He had highlighted certain important federal characteristics like written constitution, non-centralization, distribution of powers, supremacy of the constitution and rigidity. The ever widening welfare role of the present states in the field of human development had necessitated changes in federal system. A new trend had emerged in the form of cooperative or bargaining federalism based on demand for independence rather than autonomy between the centre and the units and also among the units.

Indian federalism had its roots even during the East India Company. Acts of 1773, 1833, 1858, 1861, 1909, 1919, 1935 are very important in federal system evolution in India. The Government of India Act, 1935 which was also called mini constitution proposed to unite the provinces and the Indian States into a federation under the crown. A discussion within the Constituent Assembly over the nature of Indian Federalism was highlighted. Finally a new trend in federalism which was suitable to India's peculiar situation was evolved. But there are so many strains in Indian Federalism in the fields of distribution of power ; legislative, administrative and financial relations, Planning Commission and the impact of planning, union-state relations, role of Governor in the state as the agent of the Union Government, misuse of article 356 in the state and the demand for its abrogation on the part of the states. States are pleading for autonomy and the writer had made it in different phases. Phase I (1947-67), is about the congress dominated period both at centre and states

during which provinces are enjoying a large degree of autonomy under Nehru. Phase II (1968-71) is about increasing role of State Government due to gradual loss of popularity of Congress party and rise of inter-party competition in centre-state relations. Phase III (1972-1988) exposed the resurgence of Congress party under Indira Gandhi and her popularity among the people. Phase IV (1988-till date) shows recession of centralisation and emergence of coalition politics. Indian federal system is a dynamic in nature and it had adapted itself to cope with the changing environment. New economic policies of 1991 was a landmark which resulted in a sea change in Indian Federalism.

*“Indian Federalism and Autonomy”* S. Chandrasekhar, B.R. Publishing Corporation, 1988. It is an edited book with various notable contributors in their fields. In India there is a need to build a better understanding between the centre and the state and for that the centre needs to decentralise power and activities in which the local government can better attend to. The present system of federalism was largely based on the Government of India Act 1935, that had been outmoded and new system is needed on relations based on “regional justice” and “Sufficient autonomy”. There are some loopholes, which need modifications, fiscal transfer mechanism and bases of distribution of resources. Important topics on federalism like fiscal transfer mechanism, fiscal devolution, centre-state financial relations and planned development, bases of distribution of income tax and union excise, public enterprise and role of union and states and recent developments in Indian federalism have been analysed by different writers. V.V Rao in his article mentioned that the grievance of the state has been that the centre had then assuming an assertive role and encroaching on the spheres allotted to the state in list 2 of the Seventh Schedule. States are financially dependent on the centre due to lack of sufficient fiscal resources for the fulfilment of their constitutional functions. Atul Sharma and R. Radhakrishna are complaining about the absence of principle criteria on the basis of which resources are transferred to the states and distributed among them. According

to them, political considerations had an upper hand in the matters of fiscal transfer in India. V.V. Bhatt and D.R. Khatkhate also in their work mentioned the possible detrimental effects of absence of well-formulated principles in fiscal transfer to national and some states interests. P.Leela had highlighted the distribution of tax resources between the centre and the states and anxious for the disadvantageous position of the states in tax distribution system. Inelasticity of the sources for the state, strong centralising tendency and centralized planning eroded the concept of exclusive state functions.

*“Political History of Mizoram”* Chaltuahkhuma, Mizoram Publication Board, 2001.

The author traced the origin of Mizo people, how they entered the present habitat and administration under the Chieftainship and its evolution. Political changes after the British occupation of the land and administrative set up. Birth of new political parties i.e. Mizo union in 1946 and United Mizo Freedom Organisation (UMFO) in 1947 and their role in advocating their vision for the future of Mizoram are included. Mizoram political condition as District Council under the Assam state, election of members of District Councils and distribution of votes among parties are studied. Insurgency problem in Mizoram started from 1966 under the Mizo National Front and Mizoram administration under the newly set up Union Territory and various parties propaganda for winning election and finally restoration of normalcy in Mizoram are the main issues covered.

*“ History and Ethnic Identity Formation in North-East India”* J.V. Hluna, Concept Publishing Company, 2013. This book is an edited book covering a wide range of topics from origin and early history of Mizoram, religious history, political history, socio-cultural history and economics and development history to history of North East other than Mizo contributed by a learned scholars and academicians. The first group of topics which deals with the origin and early settlement of Mizo is helpful as it gives an historical account of the early course of Mizo tribe journey from east China via Burma to Mizoram. Nishipada Deva Choudhury made

a comprehensive analysis of the tribal people dwelling in the region. In his classification of the early habitants of this region he traced to Austro-Asiatic and the Tibeto-Chinese Family. He further divided Tibeto-Chinese family into Tibeto-Burman and Siamese-Chinese. According to him Mizo tribe belongs to Tibeto-Burman family. B.Lalthangliana, a noted Mizo historian gives a definition of the term Mizo and how it evolved. Sangkima in his article also detailed the origin theory of the Mizo tribe dating back to Sze-Chuan Province in China as the possible earliest settlement of the Mizo tribe. T.R. Sareen by depending on the Official Records in the National Archives highlighted the contact between British and the Lushai tribes in the early years of the 19<sup>th</sup> century. How Blackwood Expedition of 1844, Lister's Expedition and the famous Lushai Expedition were carried out to subdue the ferocious Mizo tribe was covered. Besides he also mentioned that official accounts were important for it provided a detailed account of Lushai customs, manners and their institution. Suhas Chatterjee in his short article looked into how the Mizo nationality was formed from historical events like the Second World War in 1939, formation of political party and the MNF insurgency. In the political history section, R.N. Prasad studied the traditional institution of chieftainship in Mizoram, their powers and functions, positions and privileges which is not so helpful in the present research. Lalrimawia also made a historical perspective of inner line regulation, how it evolved, transformation, application and possible effects.

*“Indian Federalism in the New Milenium”* B.D. Dua and M.P. Singh, Manohar Publishers and Distributors, 2003. It is an edited book of a lengthy one on Indian federalism which deals with different topics by various writers. Douglas V. Verney defines why Indian federalism is distinct from other western federal country. It is not devised to be like an American federalism. Varney emphasised the rise of state-based political parties as the distinguished feature of Indian federalism. Meena Verma in her article discussed on the challenge of federal nation building in India. Challenges like, social, economic, cultural and

linguistic diversities are some of the problems but more serious challenge like the secessionist movement in the North-East required less democratic means to handle according to her. She acknowledges the importance of Non-Governmental Organizations to play greater role in identity formation, developmental perceptions, civil rights and the demand for greater decentralisation and stronger democracy.

A.S. Narang claimed that federal idea was born in India during the anti-colonial movement. It was propaganda to unite Hindu and Muslim in the course of national movement but it was not successful as there had been a fear psychosis among the Muslim of the Hindu domination after independence. Independence was followed by partition and its consequent massacre based on communal violence, Indian federalism was also determined not by ethnicity but by territorial and administrative convenience. Just after the Nehru over centralisation period and downfall of congress that ethnic identity got resurgence. Ajay Kumar Singh in his article tried to develop a model to unite in a better way several and diverse units of India under one banner without losing their identity and autonomy. He examined the recent state reorganisation programme and found that the Central Government was not following any strict principle of reorganisation. Political and electoral compulsions are the main deterrents in this case which led to a more unsettled state and sub-state demands. Bidyut Chakrabarty made a review of Indian federalism over the past fifty years and he felt unsatisfied over how central leaders especially Congress pursued an accommodative policy which was always against the interest of lower caste and poor people. He noted three specific changes during the last few years such as regionalization of politics, the growth of new social constituencies and the changing terms of political discourse which had contributed to important structural changes in the political realm. Two great forces Globalisation and Hindutva have affected the pluralist character of the Indian state. He

concluded that the success of India as a federal nation laid in its ability to sustain a multi-dimensional society drawing upon its diversity.

B.D. Dua portrays the importance of State Chief Minister and the power and misuse of power in making and unmaking of Chief Minister by the Prime Minister. He argued that the instable post of Chief Minister could have a detrimental effect on federal balance system. There has been a fundamental transformation of the political system in favour of greater federalisation due to disarray in the party system, growth of regional forces, neo-liberal economic reforms and judicial activism. M.P Singh in his article says that Indian federal style of administration was a response to administrative needs during the British Raj and it was a Parliamentary federal polity under the new constitution of 1950. But things have changed after the liberalisation of Indian economy in 1991 and India became a more federalised nation after that. This is evident from the new phenomenon like sharp rise of state autonomy movement, electoral victories of non-congress parties in state assembly elections through the 1980s, ethnic accord signed by the centre, as well as in new behavioural pattern in central and federally relevant institutions such as the head of states and governments, Election Commission, Finance Commission and the Supreme Court in particular which has extended power of judicial review to areas where Parliamentary supremacy was the norm. Akhtar Majeed analysed the constitutional structure and the way how our political leaders worked out. Co-operative federalism as he expected was not yet implemented in India due to constitutional failure of State Government, the process of planning, and the fiscal allocation of resources between the two levels of government, the over-centralisation of decision making process and the de-institutionalisation of inter-governmental relations. Due to these factors states are losing confidence in centrally dominated institution of co-operative federalism.

Rekha Saxena made a study on two most significant bodies for centre-state relations i.e. the National Development Council and the Inter-State Council. From the data she collected she made an assessment that the National Development Council, which was the brainchild of Nehru had overgrown in power and functions the constitutionally set up Inter-State Council till 1990. She questioned the relevance of the presence such two agencies and recommended for merging of these two bodies and sought to empower it to play roles as a key inter-governmental agency. Ravi P. Bhatia is dealing with the Supreme Court decision in some cases which affected inter-governmental relations. Cases relating to legislative and executive competence, ceding of territory of a state to a foreign country, acquiring land by the Union in a state, constitutional failure of a state government, clash between constitutional and electoral mandate and the basic structure of the constitution. She concluded that judicial decision had helped a lot in clarifying and harmonizing many aspects of centre state relations and resolved constitutional issue of great systemic import. K. Suryaprasad made a study of the President's rule under Article 356, especially between 1965 and 1997 and its outcomes with a detailed analysis of the case of S.R. Bommai vs Union of India.

George Mathew studied local self-government institution in India. The year 1992-93 had been remarkable in the Indian federal polity as multi-level federal system had been practically experienced in India from that time. Democratic set up even at the lowest level of politics would make democracy at the higher level more credible and there can be a proper link between the Gram Sabha and Lok Sabha according to the writer of this article. B.D. Dua and M.P. Singh in their article made an analysis of India federalism with a particular case of three commissions appointed to review and study centre-state relations like the Administrative Reforms Commission (1960), the Sarkaria Commission (1980) and the National Commission to Review the Working of the Constitution (2000). They analysed the recommendations of the Sarkaria Commission and the NCRWC. The NCRWC recommended



for, (a) strengthening the legislative process (b) streamlining the executive (c) enhancing judicial independence and accountability (d) federalizing over centralized intergovernmental relations and urban local self-government (f) curbing corruption in Government. Although sound recommendations are made by these commissions, problem lies in implementation by the governments and political parties.

C.P. Bhambhri argued that globalisation-led new liberalised economic policy in India have tremendously transformed Indian federalism from highly centralised into more federating aspects with emergence of regional political parties. A new trend has reduced the power of New Delhi but makes wider chance to inter-state disparity and new tension areas have emerged between centre and state and among the state. Thus, Bhambhri called this new phenomenon as the “dangerous decade” at the beginning of the twenty first century. Reeta C. Tremblay portrays globalisation as having double-sided impact. While on the one hand it strengthens global as well as local economic and political forces vis-à-vis the national state, on the other hand it led to wider gap in regional economic development. This necessitated equity-promoting distributive public policies and enhancing the role of Central Government. M.P. Singh in the last article analysed the impact of global and regional integration on Indian federal system. Political federalization led by coalition politics and economic liberalisation are reinforcing each other and this augmented both the state government and private sector.

*“Essays on the History of the Mizos”* by Sangkima, Spectrum Publications, 2004. The writer made a historical study of the relations of Mizo Chiefs and the neighbouring people in trade and also political relations. Besides an etymological study of the word Mizo, early home of the people in which he mainly traced the ancestral habitation to China, their migration to Mizoram via Burma in different phases, Social and cultural history of the Mizo in the pre-colonial period through family structure, social institutions, village life, economic life, religious beliefs and social customs are covered. From this study, he claimed that the

contact between the people of Cachar and Mizoram had already taken place before the coming of British in Cachar in the 18<sup>th</sup> century. The period between 1890 and 1895 was a period of conflict in the Mizo-British relations as the later tried to consolidate their supremacy with force.

*“Mizoram Under the British Rule”* Suhas Chatterjee, Mittal Publications, 1985. The writer gives an account on how the British had made relations with the Lushai chiefs and the terms and condition of agreement in the period before permanent settlement. The Lushai audacious activities in raiding the plain people and British subjects and the consequent retaliatory measures taken by the British were briefly mentioned here. Inter-chiefs rivalry among the southern and western chiefs of the Lushai and the problems faced by British in the initial period of settlement in the hills in the form of uprising due to compulsory tax and coolie imposed on the Lushai are covered.

### **Statement of the problem**

The above books and articles have dealt with different topics and issues on Indian federalism right from its inception to the latest emerging trends. As it is dynamic in nature, federalism has been changing over the years. Globalisation, role of regional party power and its effect on coalition politics, changing of leadership, both at the centre and in state, and many more factors determined the centre-state relations in India. But due to scarcity of secondary material on the specific topic of Mizoram case, this research is mostly based on the primary data.

Mizoram, although a remote state in India, does not confine its activities only within the state. Right from the pre-colonial period it used to have contacts with the neighbouring people in Cachar, Tripura and Manipur. Also, trade had a meagre beginning right from the period. Not only with the hill people, but also with the plain people of the British subjects

relationship was established. So, over the course of history the relations were marked by certain improvements and degenerations. The British firmly established their supremacy after the Chin-Lushai Expedition in 1889-1890. The British rule ended in 1947 when India attained independence. Initially, after independence Mizoram was put under Assam State as Autonomous District. There used to be complaints from the MDC over the step-motherly treatment of the Assam Government. When the Mautam famine broke out in 1957 it caused many starvation, relief measures by the state government was not adequate to save people from starvation. This event further agitated the Mizo people. Insurgency occurred in 1966 which lasted till 1986, MNF are fighting for secession from India. Mizoram was granted Union Territory status in 1972 in accordance with the North Eastern Areas Reorganisation Act 1971 but as it was still Disturbed Areas development cannot be carried on in a fast manner.

In 1987, Mizoram was granted Statehood to be the 23<sup>rd</sup> state of the Indian Union with separate Governor for the state. Two political parties i.e. Mizo National Front, a regional party and Indian National Congress, national party are the main contending parties in the state. The MNF had formed ministry during 1987-1988, 1998-2003, 2003-2008, and the Congress Formed ministry during 1989-1993, 2008-2013, and 2013 - till today. Centre-state relations gradually had begun from here. Till now the state had the reputation for the most peaceful state in India. But just like other states it cannot be free from the interference of the centre.

The congress regime in Mizoram had neither any political problem nor social tension with the Indian National Congress at the centre. Their relations were cordial and both the party leaders at union and state had maintained close relations with each other. However, with the change of government at the centre in 2014, when the INC government was replaced by the BJP under Narendra Modi leadership, there emerged certain trends in the relationship

between the Governments of Mizoram and Union. One of the clearest manifestations is regarding the appointment of Governor in the State. A step-motherly treatment was meted out to the state regarding the frequent change of Governors in the state.

A comparative study of these two phenomena experienced by the same regime help one to have a better understanding of the latest trends in the relations between Mizoram and Union Governments in particular and centre-state relations in India in general.

### **Objectives**

1. To study the Mizoram Government's political relationship with the INC-led UPA regime and with the BJP-led NDA regime at the centre.
2. To examine the impact of financial grants on the state government.
3. To identify the institutional mechanism through which relations between the union and state government in Mizoram could be improved.

### **Research questions**

1. Whether the regime change at the centre has had any adverse effect on the centre-state political relations?
2. What are the main financial implications of such changed relations?
3. What are the institutional changes that could improve the centre-state relations?

### **Methodology**

As it is an empirical research, the research methods are free from personal bias and as far as possible it is value-free research. This research has been based on primary and secondary sources material collected through quantitative method. Interviews with Finance

Minister of Mizoram, Finance Commissioner of Mizoram and one of the senior teachers in Mizoram University have been useful for collecting the requisite information. Qualitative method has also been applied. Annual Financial Statements of Mizoram from time to time and records in the Mizoram Archives are also very helpful for this research.

### **Chapterisation**

This thesis is divided into five chapters, each dealing with different, but related sub-topics for clarification of the main theme as shown below.

Chapter one, **Introduction** contains introduction of the topic, statement of the problem, methodology, main objectives, research questions which are necessary to direct the research in a purposeful way, besides a review of literature.

Chapter two, **Centre-State Relations: Historical Backdrop** deals with the historical perspective on centre-state relations, the main aspects brought forth by the changing economic and social circumstances. It deals with the specific case of Mizoram, different developmental stages from the District Council era to the Union Territory and lastly to the Statehood period. General perspectives on its relations with the union government in these three different stages are analysed.

Chapter three, **Political and Financial Relations: Institutional Issues** is devoted to analysis of Mizoram relations with Union Government on three important issues i.e, financial issues, Governor and Article 356. Financial dependency of Mizoram right from the District Council period till statehood and its implications, inter-relations of politics and economy, how the Article 356 worked out in Mizoram and the reasons for imposing it thrice in Mizoram, problems faced by Mizoram with regard to the appointment of Governor and response by the state through the NGOs and not the state government are covered.

Chapter four, **Centre-State Relations: Regime Change Implications** consists of issues and events coming into the Mizoram relations with Union Government before and after the Lok Sabha Election of 2014. This election changed the ruling party at the Union level. An analysis was made to understand the initiatives taken by the State Government of Mizoram to have better relations with the Union Government. On the other hand, the Union Government also took an effort to improve the centre-state relations under the purview of what Modi called 'Competitive and Co-operative Federalism' as was seen in chapter four. This chapter highlighted some minor difficulties occurred in the Mizoram relationship with Union Government. The opinions of politician, bureaucrat and academician on the subject are also highlighted.

The chapter five, **Conclusion** is about summary of study findings, besides making some concluding remarks.

## **CHAPTER – II**

### **Centre-State Relations: Historical Backdrop**

This chapter deals with the historical perspective on centre-state relations in a chronological order, the main aspects brought forth by the changing political, economic and social circumstances. It deals with the specific case of Mizoram, different developmental stages from the pre-British and British era, transitional period, District Council period to the Union Territory and lastly to the Statehood period. General perspectives on its relations with the Union Government in these three different stages are analysed.

The present state Mizoram, which was earlier known as Lushai Hills, is located between 22 “19’ north latitude and 92 “16’ east longitude. It has a total geographical area of 21,087 sq.km. It is surrounded by the states of Assam and Manipur in the north, Bangladesh and Tripura in the west, in the east and south by Myanmar. It has an international boundary of 710 km long with Myanmar and Bangladesh and it is a land lock region.

### **RELATIONS WITH BRITISH AND NEIGHBOURING PEOPLE IN PRE-INDEPENDENT ERA**

Due to the absence of written historical account on the pre-British history of the Mizo, it is impossible to know from where Mizo originated, when did they come to Mizoram and who were their ancestors, with certainty. It is only in the last decade of the 17<sup>th</sup> century that Mizo had their alphabet<sup>1</sup>. So, most of the Mizo history in pre-British period was based on speculation. There is a general agreement among the scholars that Mizo came to the present

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1. Two missionaries Rev. F.W. Savidge and Rev. J.H. Lorrain sent by Arthington Mission, England are the two pioneers due to their sheer hard work Mizo alphabet came into exist in 1894.

habitat in the 13<sup>th</sup> century and firmly established their settlement in the first half of the 17<sup>th</sup> century. North Lushai Hills had fallen into a complete control of the Mizo between 1840 and 1850 after the Thados and Kukis, the earlier occupants, had fled to Cachar. However, the two noted Mizo historians, K. Zawla and Rev. Liangkhaia who wrote “*Ancient History and Culture of the Mizo People*” and “*History of Lushai*” respectively argued that the Mizo were in the Chin Hills in Burma from 1400 AD to 1700 AD and their gradual movement of migration started between 1700 and 1730 or 1740 AD. But there can be no theory, acceptable to all, of the original habitat of the Mizo tribe. Two theories are widely accepted regarding the original settlement of the Mizo tribe i.e. theories of origin based on Central China and Southern China<sup>2</sup>.

The term “Mizo” is also defined by writers in different ways. Some defined it as “people of the highlander”, other connote it to the inhabitants of Zopui village which was built in 1765, by prefixing “Mi” meaning “people” and subtracting the word “pui”, the term “Mizo” came into being. Sangkima, a noted Mizo historian says that Kwei-Chou as the original home of the Miao-Tzu from which the Word ‘Mizo’ is believed to have its origin. Earlier, however, the inhabitants of the Mizoram are called Kuki by their neighbours who lived in the western side, Chin by their eastern neighbour and Lushai by the British<sup>3</sup>. It was Edgar, the Deputy Commissioner of Cachar who first officially used the term “Lushai”

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2. Rochhunga Pudaite accepted the theory of central China and the theory of southern China was accepted by B. Lalthangliana.

3. Till 1954 the nomenclature of Lushai and Lushai Hills were used to imply the people and the hills where they lived. The Lushai Hills (Change of Name) Act 1954 change into Mizo and Mizo hills respectively.



instead of Kuki <sup>4</sup>. The Mizo belonged to Tibeto Burman family and they speak Tibeto Burman languages.

### **Negative trends**

Even before contact with the British, Mizo had made relations with the neighbouring tribe of Cachar, Chittagong, Tipperah (now Tripura) and Manipur. Trade relations were flourished and Mizo exported indigenous products like cane, rubber, elephant tusk and its skin and imported salt, metal products, sulphur, flint glass in return. Traders in Cachar act as ambassador of plains in the Hills and they are also the sources from whom Lushai got intercourse with the outside world. Raids had also been taken place when their chiefs were dead; it was something connected with their custom<sup>5</sup>. It was also due to economic reason, as a matter of fact, to plunder the wealth of neighbouring people. The hills remained unexplored by outsiders even after the British had firmly established their supremacy in other areas of North East after the Treaty of Yandaboo in 1826. Knowing the fact that occupation of the hill area would not be economically profitable and due to the ferocious attitude of inhabitants the British administrators decided to leave them alone as long as possible. But with the passage of time, the wild tribes resorted to raids repeatedly on the plains people and those working on tea estate who were British subjects. They killed so many people and imprisoned them

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4. Phukan, J.N., “ *The Late Home of Migration of the Mizo*”, in Prof. J.V. Hluna (ed.), *History and Ethnic Identity Formation in North-East India*, Concept Publishing Company, Pvt. Ltd., New Delhi, 2013, p.18.

5. As the old custom, when the village chief was dead, the Lushai tribe used to raid other village as they wanted as many souls as possible to accompany the spirit of their demised chief to the spirit realm. It was a part of last tribute and honour for the chief to have such followers in the spiritual world.

as slaves. In addition to the adventurous mindset of the tribes, gradual expansion of tea garden in the foot hills and prohibition of hunting elephant resented the tribes.

Initially, the British pursued conciliatory measures against this wild tribe. But actions of the British did not make a desired result. Looting, beheading, killing and burning houses of the British subjects were the regular events of those days. As a result, the British sent the first expeditionary forces, 'Blackwood Expedition' to punish the wrong doers under Captain Blackwood in 1844. This expedition was carried on in retaliation to Lushai chief Lalsuaka's attack on a Manipuri village of Kochabari on 16<sup>th</sup> April, 1844. In 1849, the Lister Expedition was sent again but without the intention of establishing their settlement there. In 1859, a fort in Chittagong Hill Tracts was attacked by the Lushai and the series of attacks followed afterwards. Tripura was invaded in 1860, fifteen villages were burnt down, 185 villagers were killed and 100 were taken as captives. In 1864, they attacked Chittagong Hill Tracts, Suakpuilala, a northern Lushai chief attacked Sylhet and again in 1869 tea gardens at Loharband and Moniarkhal in Cachar was attacked by the tribesman.

On 23<sup>rd</sup> January 1871, a large scale attack occurred on Alexandrapur tea garden in which James Winchester was killed and his daughter Marry Winchester was captivated. In the same year, Lushai attacked Cachari village of Ainarkhar in which 25 people lost their lives and 37 were made prisoners. These occurrences changed the British policy from the conciliation to that of forward policy. The Lushai Expedition of 1871 was pursued by the British to punish the Lushai chiefs and to take back the captives. It was a successful expedition. But this time also the Britishers had no intention to permanently occupy the territory. The period of peace brought by this expedition did not last long as the entire Lushai chiefs were not completely subdued. In February 1888, a survey party led by Lieutenant Stewart was ambushed by the Lushai and Stewart was shot dead and he became the first European who sacrificed his life in the Lushai country. The same year a deceased Mizo chief

Vuttaia son Nikhama, Lungliana and Kairuma attacked the territory of Pakuma Rani, an ally of the British<sup>6</sup>. They killed the Rani and other 20 persons and captured 15 slaves. Also, Lushai of the Sailo chief raided Chengri valley, they burnt 24 villages and killed 101 people and made 91 prisoners. It was committed by chiefs like Zahrawka and Lianphunga, both the sons of Suakpuilala. The British now realised the futility of their earlier policy and decided to embark on the policy of complete subjugation of the Lushai chiefs and permanent settlement on the hills to safeguard their subjects and economic interests in the plains.

As a result of the Lushai ferocious raids on the subjects of the British, the Chin-Lushai Expedition was launched in 1889-1890, and from thereon British occupation of the territory had begun. Immediately after the expedition, the military outposts were set up at Aijal (now Aizawl) and Changsil. In the south Fort Tregear was established at Lungleh (now Lunglei). With the conclusion of the Chin-Lushai Operations and the reduction of the Lushai chiefs into submission, the question of future administration of the newly acquired tracts began to engage the attention of Government of India. Such details as weather there should be one head of the civil administration and one military commander, or whether these duties should be combined in a single officer, the civil staff to be employed, the number of districts into which the new tracts should be divided, their boundaries, the organisation and distribution of the military, arrangement for transport and commissariat, and the political question of retention of the chiefs and the kind of tax and tribute to be imposed on the people has been decided. Pending a settlement of these questions, tentative administrative arrangement was made for the occupation and control of the Chin-Lushai Hills<sup>7</sup>.

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6. Nikhama, Lungliana and Kairuma, all were Sailo chiefs in the eastern Lushai hills. They ruled their respective villages but maintained closed relations with each other.

7. Lalthlengliana, C, "The Lushai Hills: Annexation, Resistance and Pacification (1886-1898)" Akansha Publishing House, New Delhi, 2007, pg 38.

South Lushai Hills was put under the administration of Lieutenant Governor of Bengal from 1<sup>st</sup> April 1891 and C.S. Murray, an Indian Police was appointed to be the Superintendent, with Lungleh (now Lunglei) as the headquarters of administration. Bengal Frontier Police, consisting of 529 native officers, non-commissioned officers and constables, was assigned the duty of maintaining law and order situation in case of unrest. Meanwhile, the North Lushai Hills was under the Assam from 3<sup>rd</sup> June 1890 and was administered by Capt. Herbert Browne, Personal Assistant to the Chief Commissioner of Assam. He was designated as the Political Officer with the responsibility of exercising general control over all departments with Headquarters at Aizawl.

The British completely subjugated the Lushai chiefs and made their settlement. But they allowed the institution of chieftainship to continue with lessening of some of the chiefs' power. The first five years (1890-1895) of relations between British and Lushai was marked by revolt and it was a period of consolidation of British Supremacy. Over the questions of coolie and taxation, revolts aroused from region after region<sup>8</sup>. House tax was imposed on every house, except widow and crippled, at one rupee per year. For coolie work persons other than government servants, physically handicapped, school masters, chiefs and their officials such as elders (upa), priest (puithiam), village blacksmith (thirdeng) and village writer (khawchhiar) should make themselves available and coolie was paid 4 annas a day. But in 1897 the rate of house tax was increased to Rs. 2 per year and coolie rate was also up to 8 annas a day. Although, coolie work was well remunerated if one calculated against the standard of monetary values during that time. It was the chiefs who objected to, as they

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8. Western chiefs, who were descendants of Suakpuilala, started revolt against the British in September 1890 over the issues of coolie for road construction and house tax. Even Capt. Brown lost his life after a severe injury in an ambush carried out by Western Lushai chiefs on 9<sup>th</sup> September 1890. Lieutenant Swinton was also shot dead. In the new year of 1891 Robert Mc Cabe could successfully restore peace in the region. Southern Lushai chiefs rose in revolt in early February 1891. But it did not last long as a result of Captain Hutchinson's diplomatic skill. Eastern Lushai uprising broke out in the month of March, 1892 under chief Lalburha, but Capt. Mc Cabe defeated the rebels in the same year.

had no benefits from the coolie work. In fact it was derogatory for the chiefs when their subjects did work for the alien rulers. Moreover, for the common people it was burdensome when the call for coolie work concurred with the season when their agricultural work needed an urgent labour. After a very deliberate and cautious plan was made in which Kalkhama was the mastermind, an alliance of western chiefs attacked the Fort Aizawl and the Fort Changsil. Capt. Browne party on their way to Shillong from Aizawl was ambushed and he was shot but managed to escape. After he reached Changsil he succumbed to his injuries. But this revolt was subdued by the British under an able Robert McCabe.

Before the British occupation in the Lushai Hills, every village was ruled by their respective chiefs, each having an ultimate authority over their subjects and they were independent and had the overall sovereignty within their respective jurisdictions. After the annexation of the Lushai Hills by the British, it was divided into the North Lushai Hills and the South Lushai Hills in 1891. In 1898 the two political setups were amalgamated to become the Lushai Hills District and put under Assam Province. It was governed by the Superintendent with its Headquarters at Aizawl. The Superintendent abrogated the traditional Chief's power of right to order capital punishment; right to seize the property of his subjects in case of the later shifted his allegiance to other chief; right over land, right to tax traders doing business within his jurisdiction and right to appoint his son as chief. The Superintendent on his part was empowered with the right to settle disputes between the chiefs, between villages, regulate the succession of chieftainship, appoint new chiefs and guardians of minor chief, partition of the existing villages, punishment and deposition of the chiefs and headmen for misconduct, right to inflict death sentence and transportation for life with the prior assent of the Chief Commissioner of Assam and it is his duty to maintain peace and tranquillity in the district and can order a person to leave if his presence was a threat to public order.

Thus, the British adopted indirect rule in the Lushai Hills District. The traditional chiefs were acting as the intermediary of administration in their respective villages. In fact, the British trained them to rule as per the rules and regulations set by them. They were given duties like, upkeep of the village paths, maintenance of public water points, proper maintenance of accounts of all fines imposed, records of births and deaths, collection of house tax and supply of labour when asked by the Superintendent, judicial power in petty case according to custom and the duty of informing about heinous crime, violence and plague in the village to the Superintendent. This system of indirect rule was very effective as well as less expensive for the British and thus continued till India Independence in 1947.

The Government of India Act 1919 declared the Lushai Hills District as 'Backward area' and again the Government of India Act 1935 put the district in the category of 'Excluded area'. During this period, formal administration as practised in other parts of the country was absent in the district mainly due to the backwardness of the district and lack of competent political institutions. The district had no representatives in the Assam Legislative Assembly. It was governed by the Governor of Assam through the District Superintendent till India Independence. This period can be called as the period of 'Politically dormant stage' in the case of Lushai Hills District. The relations between the District and the Provincial Government can be dubbed as 'one way traffic' or 'downward processes'.

### **Positive trends**

Even though there are many conflicts, the relations between the Lushai chiefs and the British was not completely characterised by hostilities alone. On the other hand, Lushai got so many benefits in their dealing with the British especially in economic field. Not only the reports of Government officials, surveyor report and military expedition reports were becoming the invaluable sources of traditional Lushai custom and practices, manners and

institutions, status of the leading Lushai chiefs and inter-villages relationship and their relationship with the rulers of Manipur and Tripura. The personal reports of T.H. Lewin and J.W. Edgar covering the period during 1873-1889 highlighted a comprehensive view of the Lushai Hills, how they maintained relations with each other and with the British. Besides, it dealt with the institution of Bazaar which were set up after 1872.

Suakpuilala was the first Lushai chief who made a formal contact with the British. In December 1851, he established a relation with the authorities in Silchar. He had a negotiation with Colonel Lister and presented him an elephant's tusk and the latter also gave him some coarse of woollen clothes as a symbol of friendly relationship between them. When the relations between the eastern Lushai and the western Lushai had been deteriorated in 1876-77 Suakpuilala sought the help of British, but it was refused on the ground that he was not a subject of the British. Yet, Suakpuilala had also committed raids on the British subjects, his tact and shrewdness in diplomacy placed him as the greatest ambassador among the Lushai chiefs. This is evident from the fact that after his death there was none among his sons who possessed his quality, as a result the relations between Lushai chiefs and British became worst.

In 1871, J.W. Edgar Deputy Commissioner of Cachar made an extensive tour on Lushai hills and met different chiefs. He made an agreement with Suakpuilala and the later promised not to attack Cachar or Sylhet and if such attack happened the latter would inform him. Suakpuilala even assisted the British Government in the Lushai Expedition of 1871-72. After this expedition, to improve relations, the Government of Bengal agreed to the proposal of holding annual "Durbar" of the Lushai chiefs at Demagiri according to the suggestions of T.H. Lewin. Very soon the system assumed an especial significance in the Anglo-Lushai

relationship<sup>9</sup>.

After the Lushai expedition of 1871-72, trade mart or bazaar had been constructed by the British at three places- Tipaimukh, Sonai and Jhanacherra. Salt, iron, brass and copper utensils, tobacco were sold by the Bengalee traders in exchange for rubber, ivory etc. In December 1874, the Lushais came down in large number to purchase cattle in exchange for which they offered cash they had obtained from the sale of rubber. In 1873, Rai Bahadur Hari Charan Sarma, as the British representative toured the Lushai country and he was cordially welcomed by the Lushai chiefs. Also in 1881 (Jan-Feb) Boyd accompanied by Dally, the Police Superintendent made an extensive tour in the nature of peace mission. These travels paved the way for building friendly relations with the Lushai and also threw useful information on the hill.

One significant event in the Lushai hill was the famine of 1880. According to one estimate about 15,000 people died of starvation in the 1880 famine<sup>10</sup>. Lushai people came down in large number to the plains of Cachar and Chittagong in search of assistance. The local authorities thereafter getting permission from higher authorities supplied them with food, but in return they insisted them to do road construction work. The assistance saved many lives and the Lushai were thankful for it.

In the field of boundary, demarcation the British solved many problems which used to emerge due to absence of no specific boundary among the Lushai, Manipur and Chin Hills of Myanmar. The Government of British India set up a Boundary Commission under the leadership of P.Maxwell and H.W.G. Cole. They started their field work on 22<sup>nd</sup> January, 1900 and finished on 9<sup>th</sup> February of the same year and made a proper demarcation line

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9. Chatterjee, Suhas, "*Mizoram Under the British Rule*", Mittal Publications, Delhi, 1985, p 86

10. Sangkima, "*Essays on the History of the Mizos*" Spectrum Publications, Delhi, 2004, p 179.



between Lushai Hills and Manipur state. In 1901 a Boundary Commission appointed by Government also worked out Lushai – Chin Hills boundary under the guidance of Commissioners W.C.M. Dundar and A.C. Bateman. This boundary line is recognised as the international boundary.

Due to the successful friendly relationship with the Lushai, the British got the assistance of Lushai chiefs in the First and Second World Wars. During the Second World War, the Lushai chiefs made a joint statement to offer a help to the Allied powers. Following the statement, many Mizo youth joined the army and formed a famed Lushai Brigade and Lushai Scouts. These brave men repulsed the forces of Japanese marching from Burma (Myanmar). The Lushai chiefs also helped the British by sending more than two thousand contingents in Europe during the First World War. In the Abhor Expedition and Haokip Rebellion assistance was given to the British. All these developments indicated about growing friendly relations between the two. But, some scholars in the mainland India also accused the Britishers and their policies as hindering national integration after India attained independence in 1947<sup>11</sup>.

## **TRANSITIONAL PERIOD**

In the era of British i.e. from 1890-1947, the British administrators knew that interference in the internal affairs of the Lushai Hills administration would be a heavy burden. Law and order problems would cause intermittent troubles to them. In addition to these, no substantial financial gains could be expected from the Lushai Hills. So, they left the traditional chiefs to continue their rule in their respective villages with certain rules and

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11. Scholars in the mainland had argued that The British isolated the Lushai hills from the rest of India by enforcing Inner Line Regulation based on Bengal Eastern Frontier Regulation 1873. This regulation acts as a barrier between the mainland people and the Lushai till today. Even the wind of national movement for independence did not affect the hills and till now the feeling of isolationism among the hill people had its root in the British policy of divide and rule.

regulations imposed on them. They banned head-hunting, inter-villages war and chief's power of capital punishment.

Some scholars from the mainland India accused the British of keeping the Assam Hill tribes aloof from the masses of India to prevent them from the influence of national movement. This policy of isolation, which later came to be known as the National Park theory was very actively pursued by the Britishers in order to keep the tribals aloof from the mainstream life of the country. The colonial secluded policy towards the North East retarded the smooth penetration of Indian nationalism among the marginal and peripheral communities. In their dealings with the frontier peoples in the North East, colonial authorities at the Fort Williams took up the policy of segregating the hills and the, plains people. this affected country's interest in two ways, the tribals could not mix with the neighbouring Indian masses who on their part also remained indifferent about their tribal brethren, a vital lib of the country. This mutual exclusiveness had helped the administration in achieving its goal of dividing the nation against unified freedom movement. The tribal areas and people almost remained neglected and a wide gap in the socio-economic and cultural sphere was created in between the tribal folk and the rest of the Indian masses. The tribal concentrated areas also remained underdeveloped<sup>12</sup>.

At the dawn of India independence, there were a lot of controversies in the Assam Provincial Legislative Assembly about the future political status of Lushai Hills. Some members of the Assam Legislature had argued that if the Assam Government had to bear the financial responsibilities for the Lushai Hills, minister should have also a word in the internal

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12. Chatterjee, Kumar, S., "*North- East India: Dispersion and Discontent, Historical, cultural and socio-political perspective*", Abhijit Publications, Delhi, 2010, pg. 386.

administration of the hill. After the North East Frontier (Assam) Tribal and Excluded Area Sub-Committee studied the conditions and made a proposal for administrative set up for the tribal people of Assam, members like Brajeswar Prasad, Kuladhar Chaliha, and Rohini Kumar voiced their criticism of awarding of autonomy to the tribal people in the proposed Sixth Schedule. Brajeswar Prasad asked for the conversion of all these tribal areas into centrally administered areas to be administered by the Governor acting as the agent of the President. He did this due to apprehension that the Assam problems with its diversified tribal people would be too complicated and is beyond the economic resources of the province to settle all the problems. Kuladhar Chaliha had argued that if the proposal of the Drafting Committee had been materialised another Tribalistan would be born which would be helpful to India's enemy in times of war. And Rohini Kumar Choudhuri also opposed the Sixth Schedule in favour of assimilation of the tribal people.

But eminent personalities like Dr. B.R. Ambedkar, Gopinath Bordoloi, A.V. Thakkar, Jaipal Singh and Rev. J.J.M. Nichols Roy countered these criticisms on the Sixth Schedule. It may be worth-while to point out the statement made by Rev. J.J.M. Nichols Roy in the House that these people have come there from outside and they have never been under a Hindu or Muslim rule. They had their own rule, their own language, court and culture. To say that the culture of these people must be swallowed by another culture, unless it is a better culture, and unless it is by a process of gradual evolution, it is rather very surprising to anyone who wants to build up India as a nation and bring all people together.

During 57 years (1890-1947) the Lushai Hills was under British rule as other parts of India. When India's independence was approaching there was an emerging trend in the Hills. The Cabinet Committee put forth the formation of Constituent Assembly to frame a new constitution for free India. And the Mizos had no representatives in the Constituent Assembly as they had no representatives in the Assam Provincial Legislature. The Constituent

Assembly appointed a sub-committee named, the North East Frontier Tribal Areas and Assam Excluded and Partially Excluded Areas Sub-Committee under the chairmanship of Gopinath Bordoloi, the then Chief Minister of Assam to study the situation in the North East region. This committee visited Lushai Hills District in April 1947 and co-opted Ch.Saprawnga and Khawtinkhuma as members. This sub-committee had a meeting with representatives of the Mizo people, NGOs and prominent citizens and studied their demands in joining independent India. At that time, there was rumour among the Mizo about their future position in the free India. Some people advocated Crown Colony under British, some others propagandised the advantages of joining Burma and there was also some asking for independent Mizo state. Some British officers like Sir John Hubback, Mills, Mitchel and McGrie had also proposed forming of a separate tribal union consisting of tribals living in Assam, Burma and Bengal due to ethnic difference of these tribals from the mainland India. But the majority decision had been about joining India as an Autonomous District under Assam State with conditions like financial assistance to the district until the district became financially self-sufficient, protection of their customs and practices, integration of all contiguous areas inhabited by Mizo now lying under different political boundaries and freedom to reconsider the position after ten years.

Thus, after a brief deliberation in the Constituent Assembly, Sixth Schedule of the Indian Constitution was adopted with some important restrictions on the autonomy of District Council or Regional Council for tribals of Assam. Any law passed by the District Council or Regional Council was to refer to the Governor of Assam for his assent, unless it was assented to, it became ineffective. Moreover the Governor of Assam was responsible for the application of Central or Provincial legislation, with or without modification as necessary, in the tribal areas. Under the Sixth Schedule of the Constitution tribal areas were categorised into part A and B as under;

### Part A

1. The United Khasi- Jaintia Hills District.
2. The Garo Hills District (present state of Meghalaya).
3. The Lushai Hills District (the present state of Mizoram).
4. The Naga Hills District (present state of Nagaland).
5. The North Cachar Hills.
6. The Mikir Hills (still within the state of Assam).

### Part B

1. The North East Frontier Tract including Balipara Frontier Tract, the Tirap Frontier Tract, Abor Hills District and Mismi Hills District (present state of Arunachal Pradesh).
2. The Naga Tribal Area (now within the present state of Nagaland).

In 1952, the Lushai Hills District was upgraded to the status of Autonomous District Council with Pawi-Lakher Regional Council in its southern territory under the Sixth Schedule to the Indian Constitution as per the recommendation of Bordoloi Committee. Meanwhile, Sixth Schedule of the Indian Constitution adopted by the Constituent Assembly included it within its fold.

### **From 1952-1966**

From 1952 Lushai Hills Autonomous District Council started functioning under Mizo Union Party<sup>13</sup>. In 1954, the name of the district was rechristened as Mizo District

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13.Mizo Union was the first political party (1946) in Mizoram. It ceases to exist in 1974 when it merged with Congress party.

Council as per the Lushai Hills District Council (Change of Name) Act 1954 approved by the Parliament of India. The Tribal Areas Department (TAD) under Government of Assam was responsible to look after and control the affairs of Mizo District Council. It had its headquarter at Shillong and headed by the Tribal Minister. From then on relations between the District Council and Union Government had begun but through Assam Government. The Governor of Assam was authorised in his dealing with the District Council by the Sixth Schedule of the Indian Constitution. He appointed a commission to study the administration of the District Council with special reference to education, medical facilities and communications. He also had the power to dissolve the District Council and placed the administration under himself or a commission duly appointed. No legislation passed by the District Council can become an act unless it was assented to by the Governor of Assam.

The relations of the District Council with the Assam Government was characterised by tension and lack of faith toward each other. The Assam Government initially was not interested in taking over the administration of Lushai Hills because taking over would mean the incurring of additional finance<sup>14</sup>. Though there was a parliamentary level association of Mizo Union and Assam Pradesh Congress Committee and the M.U. participated in the Assam legislative assembly. In the Assam legislative election held in 1952, three M.U. candidates R. Thanhlira, Ch. Saprawnga and R. Dengthuama were elected. Later Ch. Saprawnga became Parliamentary Secretary in the Assam Government and R. Thanhlira became member of Rajya Sabha from Mizo District Council (M.D.C.).

The newly set up M.D.C. was burdened with shortage of finances. Immediately, it

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14. Ralte, Zothantluanga, *"The Pace of Socio-Economic and Political Development; Response to British Colonialism and the Emergence of the Mizo Minority Nationality in Indian Politics"*, in Prof.J.V. Hluna (ed.), *History and Ethnic Identity Formation in North-East India*, Concept Publishing Company, Pvt.Ltd., New Delhi, 2013, p.214.

was found out that the main problem lies in the absence of direct approach to the central financial assistance. All the development heads coming from the centre entered into the state financial purse and then the state distributed to the hill districts of Assam. Even the district budget demand was presented to the State Government for transmission to the centre. Though the financially weak M.D.C. frequently approached the State Government, there were also other four districts under the State Government, its case could not be dealt with separately and swiftly as the rising of competition for getting more financial assistance from the State Government must be checked. They were also dissatisfied at the way the money was given for tribal welfare was used by the Government of Assam without much apparent benefit to the Mizo hills<sup>15</sup>.

The State Government of Assam on its turn accused the M.D.C. of not effectively utilising the resources in its hand and not having proper taxation system. By taxing the rich people the District Council was able to reduce financial dependence on the State Government and utilised it for financing various development programmes. Financial deficit had its root right from the M.D.C. that assumed office in 1952, the average revenue received was Rs 1.11 lakhs and the average expenditure rose to Rs 28.37 lakhs. The economy is one of the most neglected aspects of the North East though much attention was given to issue relating to ethnicity, identity, insurgency and security. These issues have never been looked at in an economic paradigm to explain the lack of development in the region<sup>16</sup>. Financial issue

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15. Burman, Roy B.K., “*Emergence of Mizo Nationality*”, in Prof. J.V. Hluna (ed.), *History and Ethnic Identity Formation in North-East India*, Concept Publishing Company, Pvt. Ltd., New Delhi, 2013, p.262.

16. Bhattacharya, Rakhee, *Development Disparity in North-East India*, Cambridge University Press India Pvt. Ltd., New Delhi, 2011, p. VII.

continued to be the main hurdles in the relations between District Council and State Government.

This bottleneck also led to the gradual loss of faith on the State Government. Any hope of economic prosperity that the Mizo people had after joining India dwindled. As a result economic backwardness had an impact on psychological factor. The District Council on its turn had argued that the resources available on their hands were not adequate to work out the responsibilities on their shoulder. When the Prime Minister Nehru visited the North East Frontier areas to study political development of the region, the combined District Councils submitted a demand for special financial grants. The PM had given an ad hoc grant of Rs 10 lakhs and the M.D.C. was also allotted Rs 2.25 lakhs.

In 1954, the State Reorganisation Commission visited Assam. Taking this chance to point out the injustice they suffered from the state administration, the Mizo Union and the District Council submitted a joint memorandum which highlighted that in the population breakup of Assam and the Assamese accounted for 31% of the population, the Bengalees 31% and the tribals and others 38%, whereas in matters of civil appointment, a share of 60% was allotted to the Assamese and only 40% to the others, and in matters of general development, the Assamese areas account for 75% of the total expenditure and the other areas 25%<sup>17</sup>. Dr. Rosiama, Chairman of the M.D.C. also wrote to the Home Minister of the Central Government apprising him of the urgent need for financial assistance from the Government in 1955.

In the Mizo Hills, every fifty years there used to be a famine caused by tremendous increase of rat population. When the bamboo flowers, its seeds were consumed by the rats

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17. Zakhuma, K.M., *POLITICAL DEVELOPMENT IN MIZORAM FROM 1946 TO 1989 ; A Study With Special Reference to Political Parties in Mizoram*, J.R. Bros Offset Printers & Paper Works, Aizawl, 2001, p. 69



and the rat population increased incredibly. It happened again in 1959. After they consumed all the bamboo seeds they turned to crops and rice in the paddy fields. This famine was called 'Mautam' in Mizo. This incident was foreseen by the Mizo people and the Assam Government was informed accordingly to supply additional food grains to be stored especially for rainy season. But the Assam Government did not pay due attention to the demand of the M.D.C. When the famine broke out in the Mizo Hills many people starved to death. This step-motherly treatment of the Assam Government added fuel to the fire of resentment which was already firing in the Mizo people. This hardship meted out to the Mizo people not only led to the loss of faith on the District Council administration but also on the Assam and Central Government. The general feeling of the people was against the District Council for its incapability of handling real situations, and against the Government of Assam for its 'step-motherly treatment' and against the whole of India because they held a general opinion that India could not be different from Assam, though the Mizo had not had any direct relations with the Central Government<sup>18</sup>.

In 1961, the State Government of Assam passed the Assam Official Language Act (1961) though there was much opposition from the District Councils. Immediately, the All Party Hill Leader Conference (A.P.H.L.C.) was formed in 1960 to protest against the Assam Official Language Bill of 1960 and to demand for a separate hill state for tribal in Assam. The Mizo Union also joined the A.P.H.L.C. But the M.U. and A.P.H.L.C. parted ways in 1962 due to difference over policy. The M.U. preferred statehood for Mizoram over Hill State of tribal areas as demanded by the A.P.H.L.C. Moreover, in 1962 when Indo-Chinese war occurred, the A.P.H.L.C. ended its demand but the M.U. leaders considered the situation as the right time to intensify the demand.

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18. Lalchungnunga, *Mizoram: Politics of Regionalism and National Integration*, Reliance Publishing House, New Delhi, 1994, p. 81

Thus, these two incidents- Mautam famine (1957) and the Assam Official Language Act (1961) had deteriorated the relations between M.D.C. and Assam Government. In October 1965, a M.U. delegation asked the Prime Minister Nehru for a separate Mizoram State and the P.M. assured the M.U. that he would request the Pataskar Commission to consider the case. The P.M. died and Pataskar Commission refused to consider the demand of the M.U. for a separate state for the Mizo Hills<sup>19</sup>.

On 2<sup>nd</sup> March 1966, the Government of Assam declared the M.D.C. as ‘Disturbed area’ under the Assam Disturbed Area Act, 1955 and the Assam and Manipur Armed Forces (Special Power) Act due to the M.N.F.’s violent method for the attainment of independent Mizoram. The Assam and Manipur Armed Forces (Special Power) Act gave extensive powers to the army on duty in the notified “disturbed area” to arrest any person, without any warrant, who had committed or who was suspected to commit a cognizable offence. Besides, this Act also empowered the armed forces to enter and search any premises, without any warrant, to make an arrest or to recover any person wrongfully restrained or confined or any stolen property or any arms, ammunitions or explosive substances unlawfully kept in such premises<sup>20</sup>.

Three members of the Mizo Union leaders met the Prime Minister on 22<sup>nd</sup> June, 1966 and accused Chaliha (Chief Minister of Assam) of pampering the M.N.F. in order to weaken

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19. Rao, Venkata V., Thansanga, H. and Hazarika, Niru., *A century of Government and Politics in North East India*, Vol. 3, S. CHAND & COMPANY (Pvt.) Ltd., New Delhi, 1987, p. 238.

20. Patnaik, Jagadish, K. *Mizoram: Dimension and Perspective*, Concept Publishing Company, New Delhi, 2008, p.61.

the M.U. and he was responsible for the outbreak of insurgency in Mizoram. As a result of this insurgency period, which lasted for about twenty years there were new trends in the relations between M.D.C. and Assam Government. Prior to that, from 1952-1965, economic issue had been the dominating factor in the relations between M.D.C. and Assam Government. Mizo Union as the first political party dominated political scene in Mizoram and conducted M.D.Cs relations with state government and there was no direct interference of the Central Government in the affairs of M.D.C.

### **1966-1987 (Insurgency Period)**

After the M.D.C. was declared 'Disturbed Area' there was an increase in the direct relations and contacts between M.D.C. and Central Government. The prospects and issues dominating the relations had been mainly coloured by the counter insurgency measures adopted by the Central Government and measures adopted by the ruling party at the M.D.C. and later Union Territory of Mizoram for restoration of peace and normalcy in Mizoram. Due to the constant pressure from M.U. and the prevailing situation, the Government of India upgraded the existing M.D.C. to the status of Union Territory of Mizoram under the provision of the North Eastern Areas (Reorganisation) Act 1971 (Act No.81 of 1971) which came into force from 21<sup>st</sup> January 1972. The Mizoram Legislative Assembly consisted of 33 members and it was allotted 2 seats in the Parliament, one for Lok Sabha and another for Rajya Sabha. The newly set up Mizoram Union Territory was freed from the Assam Government. S.J. Das (IAS) was appointed as the Chief Commissioner of Mizoram. The Chief Commissioner occupies a position lower than the Lt. Governor. This arrangement wounded the sentiments of the leaders and the general people of Mizoram and hence they represented to the Central Government. Subsequently, the post of Lt. Governor was created and S.P. Mukherjee, a retired Chief Secretary of Tripura was appointed first Lt. Governor of

Mizoram on 23<sup>rd</sup> April 1972 <sup>21</sup>.

The first election to the Union Territory of Mizoram was held on 12<sup>th</sup> April 1972. The M.U. captured 21 seats out of 30 elected seats, 6 seats were secured by the Congress and other 3 seats were gone to the independent candidates. The M.U. party then formed the first Government of Mizoram U.T. on May 13, 1972 with Ch. Chhunga as the first Chief Minister. From this period direct relations with the Central Government and leaders had begun.

Not long after the formation of Government by the M.U., the party leaders decided to merge with the Congress party to gain the favour of Congress government at the centre. For sometime, PM Indira Gandhi was persuading the Mizo Union leaders to join the congress and the leader themselves also strongly felt that unless the line was taken, the government would not be able to function effectively and this being the belief and conviction of their top leader the issue was left to the Assembly to decide<sup>22</sup>. The merger took place on 12<sup>th</sup> January 1974. This shows that top political leaders at the centre had played a direct role in the UT politics.

The President's rule was imposed on the Union Territory of Mizoram in 1977 and 1978. The former was due to the resignation of the post of Chief Minister by Ch. Chhunga in May, 1977 and Assembly election was held in March 1977 and the People's Conference Party won majority seats. But soon after, split occurred within the party which led to the withdrawal of

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21. Singh, S.N. Mizoram ; *Historical, Geographical, Social, Economic, Political and Administrative*, Mittal Publications, New Delhi, 1994, p. 154

22. Lalnithanga, P., *Political Development in Mizoram*, Lengchhawn Press, Aizawl, 2006, p.139.

support to the People's Conference Party reducing the party into a minority position and dissolution of the U.T. Government on 13<sup>th</sup> November 1978. In the mid-term Assembly election, People's Conference party again formed the Government under Brigadier. T. Sailo. But in the 1984 Assembly election, the Congress party got victory as it mustered the confidence of the people on the ground that it was the only party in Mizoram with a central backing.

One of the remarkable features which differentiated the relations between Mizoram U.T. and Central Government from District Council period was adequate financial funds to the U.T. Government from the centre. During the entire District Council period the total planned expenditure amounted to Rs11crore but during the UT period it grew rapidly. The planned expenditure in 1972 was amounted to Rs.4.37crore and it swelled to Rs 60.12 crore in 1986-1987. It is evident from the fact that there were no much complaint against the Central Government and many developmental works had been implemented. Economic developments gradually relaxed the strained relations between the centre and the state.

In the political field, the scene was dominated by different political parties, unlike the single party domination during the District Council period. Parties like M.U., Congress and People's Conference came into contact with the Central Government. In addition to carrying formal Government functions these parties attempted to restore peace and normalcy in Mizoram and prepared negotiating table for M.N.F. insurgents and the Central Government. As a result a 'Peace Accord' was signed by Laldenga on behalf of the M.N.F. and S.L. Khurana, Secretary, Ministry of Home Affairs on behalf of the Government of India on 1<sup>st</sup> July 1976. But the 'Peace Accord' remained only a paper document. The M.N.F. insurgency still continued<sup>23</sup>.

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23. Nag, Ranjan C., *Post-Colonial Mizo Politics (1947-1988)*, Vikas Publishing House Pvt. Ltd., New Delhi, 1999, p.102.

Moreover, local politicians began the policy of appeasement with the central leaders as they found it beneficial not only for gaining political success but also for getting financial assistance. Every time there was a change in central power, the party in power immediately attracted a sizeable number of people to set up a state level unit at Aizawl<sup>24</sup>. A clear example was the formation of Mizoram Janata Party in 1977 by the dissident Congress leaders and a vested interest group with the hope that they might derive benefits from the Janata Government at the centre.

Thus, during 1972-1987 period when Mizoram was put under U.T. administration there was no formal relations between U.T. and Central Government as M.N.F. insurgency and counter insurgency measures prevailed in Mizoram. But there were many specific features which characterised the relations. Improvement on financial issue, multi-party involvement, tri-lateral relations among M.N.F., Mizoram U.T. Government and Central Government, sometimes a mediatory role played by the U.T. Government. Finally, on 30<sup>th</sup> June, 1986 a historic peace accord was signed by Laldenga on behalf of the M.N.F. and R.D. Pradhan, Secretary, Ministry of Home Affairs, Government of India and Lalkhama, Chief Secretary, Government of Mizoram and this accord ended the two decades old insurgency period. A large share of credit of this historic accord went to the Congress Ministry in Mizoram under Lalthanhawla whose desire for peace even led to the abdication of the post of Chief Minister and paved way for the M.N.F. - Congress coalition ministry under Laldenga Chief Ministership.

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24. Zakhuma, K.M., *Political Development in Mizoram From 1946 to 1989 ; A Study With Special Reference to Political Parties in Mizoram*, J.R. Offset Printers and Paper Works, Aizawl, 2001, p.267

Earlier, during Brig. T. Sailo regime, Laldenga's demand of dissolution of Sailo Ministry and forming of M.N.F. Ministry for peaceful purpose could not be granted which sustained the sufferings of innocent Mizo people. But cordial relations and understanding between the same party at the U.T. and Union level paved the way for this important accord in 1986.

### **Post-1987 Period**

The relations that followed cessation of insurgency was mainly about fulfilment of Central Government's promise to the State of Mizoram, to a large extent it can be called as 'central appeasement policy' to consolidate its sway over Mizo people. Prime Minister Rajiv Gandhi himself came to Mizoram and inaugurated the new state on 20<sup>th</sup> February, 1987.

As it was highlighted in the Peace Accord of 1986 the Government of India took measures to rehabilitate M.N.F. personnel coming over ground. Arrangements were made to pay ex-gratia amount to heirs or dependants of persons who were killed during disturbances, payment of compensation in respect of damage to crops, buildings destroyed or damaged during the action in Mizoram and rental charges of buildings and lands occupied by the security forces. The Central Government also promised not to remove the Inner Line Regulation as it is now in force in Mizoram without consulting the State Government. Resources were transferred to the new State Government keeping in view the changes of status from U.T. to State and this included resource to cover the revenue gap for the year.

The Central Government appointed the former Chief Minister of Assam, Hiteswar Saikia to be the first Governor of Mizoram State and he took office on 20<sup>th</sup> February 1987. In 2001, one of the Union Government promises in the accord, the Mizoram University came into being as the central university. But the promise of separate High Court for Mizoram State has still not been implemented.

To conclude the relations between Mizoram and Central Government during these three stages as under,

### **1952-1966 Period**

- (a) Indirect manner, Governor of Assam played a pivotal role between the two political setups. Union Government did not directly interfere in the District affairs.
- (b) It was characterised by tension and lack of faith toward each other. Mautam famine (1959) and Assam Official Language Act (1961) were responsible for deteriorating the relations.
- (c) Absence of provision of direct financial approach to the centre for District Council was responsible for the economic backwardness of the district and this enraged the Mizo people.
- (d) During this period the Mizo Union was only active and dominant political party in Mizoram, at the centre Indian National Congress dominated Indian political system. Thus, it was positive relationship between these two parties.

### **1966-1987 (Insurgency period)**

- (a) Relations between the two political set up was characterised by counter insurgency measures by the Union Government and measures adopted by the M.D.C. and later by the Mizoram U.T. Government towards restoration of peace and normalcy.
- (b) Mediator role played by Mizoram U.T. Government.
- (c) Increase in direct contacts and relations.
- (d) Better financial assistance from the centre.
- (e) Multi-party involvement in the political field of relations.



- (f) Increasing impact of changing government at the centre on the U.T. and appeasement policies of local politicians to gain favour of the Union Government.

### **Post-1987 Period**

- (a) Consolidation and appeasement policies by way of implementing and fulfilling the Union Government promises to the State Government.
- (b) Sufficient financial assistance from the centre.
- (c) Other appeasement policies such as rehabilitation of M.N.F. over ground personnel, establishment of central university, continuation of Inner Line Regulation.

### **CONCLUSION**

To sum up, the Mizo relations with the neighbouring people had started even before the coming of British in North East region, but the exact year remain unknown due to absence of any written document. During this period trade had flourished but only few items are involved. Raid had been the dominant feature during this period due to lust for wealth and as a part of custom and tradition which at last led to direct confrontation with the British. After the Lushai expedition of 1889-1890, the British dominated the Lushai hill till India independence in 1947. The initial five year relationship had been characterised by conflict in the form of revolt from different region over the issue of compulsory coolie and house tax. But thereafter, British consolidated their supremacy and their relations had been greatly improved. After India attained independence events like upgradation of the hill district into Autonomous District Council in 1952, the Mizo Insurgency in 1966, granting of Union Territory to MDC, greater financial assistance and the attainment of Statehood in 1987 greatly moulded and remoulded the relationship to a great extent.

During these periods, Mizoram, a very small state also experienced certain trends in her relations with the Union Government. But as it is a relatively young state with no self-sufficiency in food production and other valuable resources for revenue accumulation in the state, she could not move on independently in her way. Most of the development in the state could not be implemented without central financial assistance. Till today about 70% people in the state are engaged in the agricultural sector and allied activities which contributed for around 30% State Gross Domestic Product. Moreover due to less number of populations in the state, there cannot be more representatives in the Lok Sabha and Rajya Sabha. While bigger states like Bihar send 16 and 40 members respectively and Uttar Pradesh have 31 and 80 respectively in Lok Sabha and Rajya Sabha. This smaller number of participants had certain merits and demerits. On the one hand, due to negligible number of representatives in the Parliament, Mizoram did not confront many challenges always faced by the bigger states as these bigger states, particularly where parties different from the one at the centre ruled, are used to be an eyesore for the Union Government. On the other hand, due to the same reason, she could not have raised stronger voice within the House to represent her interests.

Mizoram as a full-fledged state now attained 30 years, during this thirty years it had relations with different parties at the centre like Indian National Congress (1984-1989, 2004-2009, 2009-2014), Bharatiya Janata Party (May 1996-June 1996, 1998-1999, 1999-2004, 2014- till today). Besides, Janata Dal under V.P. Singh (19889-1990), Chandra Sekhar with outside Congress support (1990-1991), P.V. Narasimha Rao Minority Government (1991-1996), H.D. Deve Gowda (1996-1997) and I.K. Gujral (1997-1998) formed Government at the centre. So, Indian political system was characterised by instability, hung Parliament, coalition politics and frequent changes at the centre. In the sphere of economy, the introduction of the three principles Liberalisation, Privatisation and Globalisation (LPG) in 1991 under P.V. Narasimha Rao Government at the centre had greatly changed Indian

federalism and what Lawrence Saez called “Inter-Jurisdictional Competition Era” had begun in India.

There are many events and issues in her relations with the Central Government like the post of Governor and the problems inherent in his role and system of posting, emergency provision in the Article 356, transfer of funds through the Planning Commission and the Finance Commission, impact of regime change at the centre on the state, financial dependency on the centre which are dealt with in detail in the subsequent chapters.

## **CHAPTER-III**

### **Political and Financial Relations: Institutional Issues**

This chapter deals with the political and financial relations between the centre and state government during the period under study. The framers of the Indian constitution after analysing the socio-political and economic environment of India after independence felt the necessity of a strong central government in India. Taking note of historical experiment from the period of Mughals to the Mauryan period till the establishment of British supremacy in India in 1858, whenever there was no strong central political force capable of mobilising support and defending the country from centrifugal forces either from internal or external, the country was bound to fall and weaken. To buttress the argument in favour of strong centre, independence of India was followed by partition of the country into Pakistan and India which caused immense loss of life on both sides due to communal violence between Hindu and Muslim. It is not surprising that those farsighted people who recognised diverse people of India in terms of language, culture, tradition, ethnicity and religion were favouring for a strong centre. As a result, the central government was armed with various provisions in the constitution to be able to maintain unity and integrity of the nation.

Though India is a federal country, it is not ‘an indestructible union of indestructible states’ as it is in America, it is rather ‘an indestructible union of destructible states’. The Article 3 of the constitution empowers the Parliament to change the name or territory of any states in India. Chairman of the Drafting Committee, Dr. B.R. Ambedkar also mentioned that the Union of India was not the result of voluntary action on the part of the states, so the states have no right to secede from the union. But some important federal features like, division of power between centre and state government, supremacy of the constitution, written constitution and rigid constitution especially those relating to matters affecting both centre and state are present in the constitution. But as it happened in other federal countries, certain

forces like war, judicial interpretation, central institutions and policies gradually enhanced the power and control of the Union Government. Sometimes, Indian constitution is dubbed as 'federal in form but unitary in spirit'.

As a matter of fact, nature of government is not determined by the way how constitution was framed but by the nature of society. It was only in 1956 that Livingstone presented a sociological perspective, stating, 'the essence of federalism lies not in the constitutional or institutional structure but in the society itself'<sup>1</sup>. It is also dynamic and not static. In a normal situation federal forces became strong and in a situation when unitary policy for the whole country is required like war, internal rebellion and financial crisis unitary forces grew stronger.

Union Government had many institutions to solidify and integrate the nation, like the Governor in every state, the Finance Commission, the Planning Commission (replaced by NITI Ayog), President's rule in a state under Article 356 and other articles like Article 249, 251, 252, 253 in the constitution. These articles, institutions and their role have been greatly criticized by the advocates of state autonomy in India. They argue that centre-state relationship was strained due to the presence of the above mentioned factors. The issue of centre-state relations had become more strained after the 4<sup>th</sup> General Election in 1967. Earlier the Indian National Congress had dominated Indian political system both at the centre and in the states. Even when there is tension, party high command could successfully deal with the situation as a family matters. The 1967 election resulted in the loss for INC in seven states including Gujarat, Tamil Nadu, Orissa, Rajasthan, West Bengal, Kerala and Delhi. So, many of the centre- state relations could not be dealt with as a matter of intra-party problem rather

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1. Singh, Kumar. "*Federalism and State Formation : An Appraisal of Indian Practice*", in B.D. Dua and M.P. Singh (ed.), *Indian Federalism in the New Millenium*, Manohar Publishers and Distributors, New Delhi, 2003, p. 86.

it was more about inter- state party problem.

States ruled by the non-congress party faced many problems from the INC-led central government. Main issues were financial dependence of the state on the centre, role of governor in a state, misuse of article 356, role of Planning Commission, All India Services, Central Reserved Police Forces. From time to time recommendations were made to increase state autonomy and to lessen tension in India. The Administrative Reforms Commission (1966), the Rajammanar Committee Report (1969), the Anandpur Sahib Resolution (1973) and the West Bengal Government Memorandum (1977) had made recommendations regarding the centre-state relations in India. However, till today no visible change was made in centre-state relations.

The post of Governor as the executive head of the state is one of the most controversial issues in the centre-state relations. Right from the time when constitution was framed, there was a debate as to how this important post should be filled in. An argument supporting the election of Governor was denied on the ground that there could be problem between Governor and the Chief Minister. So it was decided to be filled by appointment from the President of India. A convention was there in which the President was to consult the state Council of Minister, regarding the appointment. But this convention has been ignored in most of the cases. Besides, the role of governor as the agent of the Union Government had always sparked conflict in the centre-state relations. Recently, Delhi Chief Minister and Aam Admi Party founder Arvind Kejriwal had a fierce battle with Lt. Governor Najib Jung on the issue of official appointment. Also, in Arunachal Pradesh, Governor Jyoti Prasad Rajkhowa recommended imposing of President's rule in the state on the ground of breakdown of constitutional machinery in the state. As a result, President's rule was imposed on 26<sup>th</sup> January 2016 by the President Pranab Mukherji under article 356(1). But it was lifted on 19<sup>th</sup> February 2016 as recommended by the Supreme Court.

The above two cases proved the still existing controversial role of Governor in the state till today. In Delhi, Aam Admi Party formed government and in Arunachal Pradesh it was Congress in power. Meanwhile, BJP under the coalition alliances of NDA is the party in power at the centre. This further proved that not only Indian National Congress but also Bharatya Janata Party was responsible for misusing this gubernatorial post.

The widening welfare role of the states also necessitated more financial resources. The grievance of the states has been that the centre had been increasingly encroaching on the spheres exclusively allotted to the states under the constitution in the list 2 of the seventh schedule and tended to play a dominant role in the areas allotted to them for concurrent jurisdiction under the list 3 of the same schedule. And they traced to the dominant power of the centre in the financial sphere and the lack of sufficient fiscal resources on the part of states for fulfilment of their constitutional functions<sup>2</sup>. Most of the elastic sources of tax revenue were in the hands of the centre. The Finance Commission which was set up constitutionally under the article 280 was dealing with statutory transfer of resources to the state and the Planning Commission (now replaced by NITI Ayog) used to deal with discretionary resource transfer in India. One of the main problems is the absence of well-formulated principles and criteria for resource transfer among the states. Thus, in spite of the work of Eight Finance Commission, no definite rational principles have been evolved to determine (a) the total share of the state in the centre's tax resources and (b) the relative share of each state... such a situation could result in the resource transfer that might prove detrimental to national interest as well as the interest of some states<sup>3</sup>.

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2. Rao, V.K.R.V., "Some Views on Centre-State Relations", in S. Chandrasekhar (ed.), *Indian Federalism and Autonomy*, B.R. Publishing Corporation, Delhi, 1988, p. 15.

3. Bhatt, V.V. and Khatkhate, D.R., "Centre State Financial Relations and Planned Development", in S. Chandrasekhar (ed.) *Indian Federalism and Autonomy*, B.R. Publishing Corporation, Delhi, 1988, p. 72.

Article 268 to 293 in part XII of the constitution deal with the centre-state financial relation. After the 88<sup>th</sup> Amendment of the Constitution in 2003, there evolved a new trend in the pattern of tax devolution and distribution between centre and state as below.

- (1) Tax levied by the centre but collected and appropriated by the states (article 268) eg. Stamp duties on bills of exchange, cheques, promising notes, policies of insurance, transfer of shares and other, excise duties on medicinal and toilet preparations containing alcohol and narcotics.
- (2) Services tax levied by the centre but collected and appropriated by the centre and the states (article 268 A).
- (3) Tax levied and collected by the centre but assigned to the states (Article 269 A) eg. Tax on the sale or purchase of goods (other than newspaper) in the course of interstates trade or commerce. Tax on the consignment of goods in the course of interstate trade or commerce.
- (4) Tax levied and collected by the centre but distributed between the centre and the states (Article 270) eg. Duties and taxes referred to in article 268, 268A and 269. Any cess levied for specific purpose, surcharge on tax and duties referred to in Article 271 (mentioned below).
- (5) Surcharge on certain tax and duties for purpose of the centre (Article 271). The Parliament can at any time levy the surcharge on tax and duties referred to in Articles 269 and 270. The proceeds of such surcharges go to the centre exclusively.
- (6) Tax levied and collected and retained by the states. It includes 20 subjects as under-  
Land revenue, tax on agricultural income, succession and estate duties in respect of agricultural land, tax on lands and buildings, minerals, animals and boats, road vehicles.



The distribution of tax proceeds between the centre and the state governments indicates that those taxes which are inter-state based are under the centre and those which are local- based are assigned to the state. Moreover, the discretionary grants constituted the larger part of the central grants to the states when compared with that of the statutory grants. It means that the Planning Commission, the brainchild of the central cabinet hold more powerful hands in the centre-state relation than the constitutionally set up Finance Commission under the article 280. In 1987, the total amount of funds released to the states by Planning Commission was Rs 7,995 crore and it raised to Rs 338,408 crore in 2014-15. Financial dependency of the states on centre has greatly diminished the autonomy of the states. The issue relating to the centralisation of powers has been one of the growing issues of the centre-state relations. An important factor affecting the issue is the division of revenue raising powers between the centre and the states as governed by the Indian Constitution, largely influenced by the Government of India Act 1935, that was formulated by the then Government for the administration of the colonial economy, resting strong financial control in the centre, at a time when the province had very limited governmental functions in the economic spheres<sup>4</sup>.

Financial dependency of the states on the centre had a large impact on the political and social front. Power distribution in the Seventh Schedule of the constitution had allotted 97 items in the Union list and 61 subjects in the state list and there are also 47 subjects in the concurrent list. Moreover, the Union list is still expanding. In the 42<sup>nd</sup> Amendment Act of 1976, five subjects were transferred to the concurrent list from the state list such as (a) education (b) forests (c) weights and measures (d) protection of wild animals and birds (e) administration of justice, constitution and organisation of all courts except the Supreme

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4. Chandrasekhar, S. "Indian Federalism and Autonomy", B.R. Publishing Corporation, Delhi, 1988. P.4.

Court and the High Court. There is a fear among the states about the overgrowing power of the centre.

With regard to the Article 356, there are so many complaints from the states. The Rajamannar Committee set up by the DMK Government of Tamil Nadu in 1969 and the West Bengal Government (led by Communist Party) Memorandum urged for the total omission of this article. The Article 356 empowers the President to issue proclamation if he is satisfied that a situation had arisen in which the Government of a State cannot be carried on in accordance with the provisions of the constitution. Notably, he can act in his discretion or on the report of the State Governor. After independence the President's rule was imposed 115 times in different states the latest being Uttarakhand in March 2016. During the period 1950-1970, the President's rule was imposed 20 times, 1971-1990 it was imposed 63 times, from 1991-2010, 27 times and from 2011-2016 it was imposed 5 times.

### **Governor in Mizoram**

Mizoram was granted Union Territory only in 1972. From this time onwards till it attained statehood in 1987 there are six Lieutenant Governors in the U.T. After it attained statehood there are 17 Governors in the state till today. These sixteen Governors of Mizoram were distinguished figures in their career and professions. Their professions vary from army personnel, politicians, bureaucrats, lawyers and agriculturist to academician<sup>5</sup>. Within the period during 2014-2016 Mizoram had seven governors. There has even been a feeling among the Mizo people that the Central Government was playing a dirty game with

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5. The sixteen Governors of Mizoram and their professions are like these- H.Saikia a politician, A. Padmanabhan an IAS, A.R. Kohli an academician, Aziz Qureshi a lawyer (INC), K.V. Krishna Rao an army personnel, Kamla Beniwal an agriculturist and affiliated to INC, K.N. Tripathi a politician (BJP), K.K. Paul an IPS, M.M. Lakhera an army personnel, P.R. Kyndiah a politician (INC), Swaraj Kaushal an Advocate General, .Vakom B. Purusothaman a politician (INC), Ved Maruah an IPS, V.K. Duggal an IAS and W.A. Sangma a politician (INC)

regard to the appointment of Governor in the state. The Mizo Zirlai Pawl (the largest student's body in the state) also stated that the state deserved better treatment not just like where disfavoured governors were posted. When BJP under the alliance of NDA formed government at the centre turmoil had begun in the post of Governor in Mizoram. The first case being Vakom B. Purushothaman. He was appointed as the 18<sup>th</sup> Governor of Mizoram on 26<sup>th</sup> August 2011 by President Pratibha Patil by replacing Madan Mohan Lakhera and took office on 2<sup>nd</sup> September 2011 during Indian National Congress ruled at the centre. Purushothaman used to serve as President of the District Congress Committee at Thiruvananthapuram and the General Secretary and Vice President of the Kerala Pradesh Congress Committee and he had also been a member of All India Congress Committee for over 25 years. He used to be one of the leading politicians in Kerala in the 1970s and 1980s<sup>6</sup>. He resigned from the post of Governor of Mizoram on 11<sup>th</sup> July 2014 due to his transfer by the BJP Government at the centre to Nagaland. Such a great leading figure of Congress man became one of the first victims of regime change at the centre.

Purushothaman was replaced by Kamla Beniwal, she is a politician affiliated to the Indian National Congress. There are a lot of controversies with regard to her appointment as the Governor of Mizoram. She used to serve as Governor of Gujarat when the INC formed government at the centre. There used to be tensions between the Governor and the Chief Minister of Gujarat Narendra Modi. She along with many former congress ministers and political leaders from Rajasthan had been accused that they were allocated expensive land at

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6. Vakom B. Purusothaman began his political career as an active worker of the Student's Congress in 1946, he became member of Vakhom Panchayat in 1953. He was elected to Kerala Legislative Assembly in 1970, 1977, 1980 and 1982 from Attingal Constituency. From 1971 to 1977, he held the portfolio of Agriculture and Labour in the Ministry headed by C. Achutha Menon. From 1980 to 1981, he was the Minister for Health and Tourism in the Nayanar Ministry. He served as Speaker of Kerala Legislative Assembly from 1982 to 1984. He then also served for two terms as Member of Parliament in Lok Sabha.

low prices on the basis of false affidavits and documents in Jaipur Development Authority Area which was known as Jaipur Land Scam<sup>7</sup>. She had also had a very tense relation with the State Government with regard to the appointment of R.A. Mehta as the Lok Ayukta which consequently led to the appeal of file to the Supreme Court by the State Government of Gujarat<sup>8</sup>. When the Bharatya Janata Party under the alliance of National Democratic Alliance came to power at the centre she was transferred to Mizoram on 6<sup>th</sup> July 2014 and then on 6<sup>th</sup> August 2014 she was sacked from the post with barely four months left for her tenure citing her involvement in the Jaipur Land Scam case and misuse of power during her tenure of Governor in Gujarat state. During her one month tenure in Mizoram she stayed only one day in the state. This event can be regarded as the revenge of BJP Government at the centre and Indian National Congress termed it as “Political vendetta”.

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7. Kamla Beniwal, Governor of Gujarat had claimed to be a farm labourer putting in 16 hours of work everyday for the past 41,000 days according to the records of Kisan Samuhik Krishi Sahakari Samiti Limited (KSKSSL), a co-operative body operating in Jaipur, based upon which land was allocated to her. The co-operatives registrar of Jaipur passed strong strictures against KSKSSL and its inquiry concluded that the Samiti’s claim that they were farm labourers was false and that the Samiti had deliberately and intentionally given false statement.

8. Beniwal had appointed Justice R.A. Mehta as the state Lokayukta of Gujarat. She did this under section 3 of Gujarat Lokaykta Act, 1986, which gives the Governor the right to appoint Lokayukta without consulting the state government, when there has been a long delay in making the appointment. In so doing, Beniwal bypassed the Narendra Modi Government of Gujarat, which had been sitting on the matter since 2004. The unilateral action of the Governor was challenged in Gujarat High Court by Gujarat Government. On 18 January 2012, Lokayukta’s appointment was upheld by the court. Next day, Government of Gujarat further appealed to Supreme Court by filling a special leave petition. On 2<sup>nd</sup> January 2013, Supreme court too had upheld the appointment while noting that the post lying vacant for nine years indicated a very sorry state of affairs. The bench stated “the process of consultation by the Governor with the then Chief Justice stood complete, and in such a situation the appointment of Justice Mehta cannot be held illegal. It noted that the Governor is bound to act under the advice of the Council of Ministers, but the appointment of Justice Mehta is right as it was done in consultation with the Chief Justice of Gujarat High Court. It also observed that the Governor has misjudged her role and has insisted that under the Lokayukta Act, the Council has no role to play in the appointment of Lokayukta in the state.

Maharashtra Governor K. Sankaranarayanan was appointed by the President but he refused to take up the assignment. So, after Beniwal, Mizoram was under two additionally charged Governors such as Vinod Kumar Duggal (then incumbent governor of Manipur) from 8<sup>th</sup> August 2014 to 16<sup>th</sup> September 2014 and Krishant Kant Paul (then incumbent Governor of Meghalaya) from 16<sup>th</sup> September 2014 to 8<sup>th</sup> January 2015. Both of them were former civil servants with no important involvement in any political parties. Meanwhile, the Mizo Zirlai Pawl (student's body) and some NGOs in the state demanded for a stable post of Governor. Even when Amit Shah, President of BJP, visited Aizawl on 14<sup>th</sup> April 2016 many people had shown him posters and banners expressing displeasure over the undemocratic frequent changes of Governor in the state.<sup>9</sup>

On 7<sup>th</sup> April 2015 Mizo Zirlai Pawl had already had picketed in front of Central Government offices to protest against the frequent changes of Governor in the state and called the recent phenomenon as “Gubernatorial dumping ground of unwanted governors”. All Central Government office in the state capital except All India Radio and Doordarshan, were closed for the day and black flags were hoisted in their premises by MZP volunteers.

Then on 9<sup>th</sup> January 2015 Aziz Qureshi, then incumbent Governor of Uttarakhand was transferred to Mizoram and he held office till 28<sup>th</sup> March 2015 and resigned. He was appointed Governor of Uttarakhand during UPA regime at the centre. He also got involved in a serious tension with the state BJP during his governorship of Uttarakhand over the issue of cow slaughter. He became the first governor to move to Supreme Court over the case of his resignation in which he alleged the Home Secretary Anil Goswami as forcing him to resign<sup>10</sup>.

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9. Mizoram Post, 15<sup>th</sup> April, 2016.

10. Qureshi, Uttarakhand governor appointed by the UPA Government was told by the then Home Secretary Anil Goswami to quit after regime change at the centre. He approaches the Supreme Court against attempt to sack him. In his petition, he had claimed that after NDA Government came to power, Goswami had called him on July 30 and asked him to tender resignation unless he will be removed. But Goswami strongly refuted as forcing hi to resign instead he advised him as certain statement made by him were not compatible with the high constitutional office that he was occupying.

So, after the resignation of Qureshi the post of Governor of Mizoram had fallen vacant till 3<sup>rd</sup> April 2015. Again on 4<sup>th</sup> April 2015 Modi made K.N. Tripathi, a veteran BJP leader, to take additional charge of Governor of Mizoram and he held this post till 25<sup>th</sup> May 2015. After Tripathi left, a reputed army personnel with no politically tainted background Lt. Gen. Nirbhay Sharma was appointed Governor of Mizoram and he hold office till now.

From the above one finds that the post of Governor played a very important role in India's federalism. It is clearly evident that the frequent change of Governor in Mizoram in recent years had nothing to do with the centre-state relations, it just mainly demonstrated implicitly or explicitly a battle between BJP and those politicians belonging to INC. Those Governors such as Vakkom B. Purushothaman, Kamla Beniwal and Aziz Qureshi all were INC veteran leaders and they were the ones who had a fierce battle with the BJP. Other Governors who had filled the post in the State of Mizoram before Nirbhay Sharma other than these three Governors were former civil servants. They took as an additional charge and it is obvious that there was no tension between them and the Union Government. Here, had the suggestion made by the Administrative Reforms Commission (1966) of appointing only some persons as Governors who had non-partisan attitude been followed these kind of problems might not be faced in the centre-state relations. But for the people of Mizoram, which was ruled by Congress, these events can be regarded as a step-motherly treatment meted out to them.

### **Article 356 in Mizoram**

After Mizoram attained the Union Territory status in 1972, President's rule was imposed in Mizoram three times. But, unlike other states the President's Rule were imposed not on the political ground. The first one was imposed on 11<sup>th</sup> May 1977 and it lasted till 1<sup>st</sup> June 1978. It was due to the resignation of Chief Minister of Mizoram Union Territory

Ch. Chhunga<sup>11</sup> as his tenure was ended. The Central Government then imposed the President's rule and it lasted till the next U.T. election on 1<sup>st</sup> June 1978<sup>12</sup>. The second one was imposed during the People's Conference ministry under a retired Brig. T. Sailo. There was an internal rift in the party over the party leadership and distribution of portfolios, eight MLAs of the P.C. ministry had withdrawn support and this reduced the ruling ministry into a minority. Then Chief Minister T. Sailo recommended to the Prime Minister Morarji Desai personally to declare the U.T. under President's rule when the latter visited Aizawl on 7<sup>th</sup> November 1978. As a result, President's rule was imposed on 10<sup>th</sup> November 1978. A fresh election was held on 24<sup>th</sup> and 27<sup>th</sup> April 1978 in which T. Sailo's People's Conference Party again won 18 seats. Then, President's rule was revoked on 8<sup>th</sup> May 1979.

The last one was imposed on 7<sup>th</sup> September 1988. Eight MLAs and a Deputy Speaker of Laldenga MNF ministry withdrew support and joined hands with the state Congress (I) party and formed United Legislature Party under Lalthanhawla. These dissident MLAs had accused Laldenga of misusing his authority as Chief Minister including accusation on the charge of corruption, nepotism and autocratic attitude. This resulted in Laldenga's Ministry becoming a minority. Both the camps, Laldenga and Lalthanhawla thus tried to form a new ministry. But Governor Hiteswar Saikia after carefully examining both the camps for a week, he concluded that that even if either Laldenga's camp or Lalthanhawla's camp had formed a

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11. Ch. Chhunga is the first Chief Minister of Union Territory of Mizoram. He belong to Mizo Union Party and in the first U.T. election in the state held on 12 April 1972 Mizo Union captured 21 seats out of 30 elected seats but Mizo Union was merged with Congress on 24<sup>th</sup> January 1974.

12. In the election held on 1<sup>st</sup> June 1978 People's Conference Party won victory by securing 23 seats with Brigadier T. Sailo as the Chief Minister.

ministry under such critical condition it would not last long and might also have undesirable consequences in a state which recently achieved peace after 20 years of MNF insurgency. The Governor recommended to the President to enforce Article 356 in the state. The mid-term poll was announced on 21 January 1989 in which Congress (I) won and President's rule was revoked on 24<sup>th</sup> January 1989.

Thus, it is visible that the immediate cause of the first emergency was due to the resignation of incumbent Chief Minister as his tenure was ended. In this particular case, the Janata Party, a new party at the centre at that time by defeating Congress under Indira Gandhi, had been strongly campaigning and criticising against the National Emergency proclaimed in 1975, and imposition of President's rule under the Article 356 by Indira Gandhi in many states where non-congress parties formed governments. So, imposition of President's rule in Mizoram in 1977 was purely due to the resignation of Chief Minister and it was not politically motivated. The second and third ones were also, as mentioned above, due to internal dissensions in the ruling parties ie. People's Conference Party (1978) and Mizo National Front (1988). So, it can be safely said that article 356 had not been gravely misused in the case of Mizoram.

### **Financial Dependency during District Council**

The traditional Mizo society was self-sufficient in food and other daily needs. Other daily needs, livestock, material for agricultural works and household implements were made by themselves. Every family had the obligation of harvesting sufficient food grains for the next few years. So, borrowing from others was regarded as derogatory for the reputation of the family. Except in rare situations like famine and sickness, every family tried their best to refrain from depending on others. Society was egalitarian in nature and the only factors determining rich and poor families are the possession of large quantity of food grain, livestock especially mithun, gun, gongs and beads.



But this traditional society had gradually changed with the passage of time right from the British settlement in the Lushai Hills in 1890 and thereby the Mizo society lost its attributes one by one. Emergence of new monetary system, trade system, services for the government and easier means of procuring money had degenerated gradually the traditional lifestyle of Mizo people. There were newly emerging middle class in the society who had depended on professions other than agricultural activities like Government servants and trade. The administrative centre such as Aijal (Aizawl) and Lungleh (Lunglei) had become more populated and become trade centre which was accompanied simultaneously by the emergence of rural and urban life. The erstwhile egalitarian Mizo society is now divided into two classes- urban middle class and the rural lower class.

When the Lushai Hills (later Mizo Hills) Autonomous District Council was set up under the Sixth Schedule of the Constitution in 1952, it was granted certain power to levy and collect tax to facilitate the cost of administration and for development funds. Following powers were given to the District Council like (1) to assess and collect land revenue (2) to levy and collect tax on lands and buildings, and toll on persons residing in the district (3) tax on profession, trades, callings and employments (4) tax on animals, vehicles and boats, (5) tax on the entry of goods into a market for sale therein, and tolls on passengers and goods carried in ferries and (6) tax for the maintenance of schools, dispensaries or roads. These sources of revenue due to the District Councils were highly insufficient to meet the requirement of construction and maintenance of new building for the administration, salaries of the employee. Moreover the District Councils were assigned the responsibility of establishment, construction and management of primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads and waterways in the district. Except for a meagre forest resources and the above mentioned taxes resources, there are no revenue resources like major industry, natural resources like coal and petroleum. Moreover, certain problems like small

and sparsely population, difficulty in transport and communication, inefficient road and water ways hindered effective implementation of tax system. The accusation by the State Government of Assam that the District Councils did not fully exploit the revenue resources in its hand are also true to some extent. In addition to the above problems is the way of effective taxing system, the newly set up District Council was administered by the Mizo Union Party who had staunchly fought against the tax imposed by the traditional chiefs and on this ground had mustered the support of the masses. Thus imposing new and heavy tax burden on the people would cause uproar against the District authorities. All these contributed to the harsh financial condition and the resultant impediments in development activities and dependency in the district.

The following table shows that the meagre collection of tax revenue in the District Council in the year 1951-1952 and 1952-1953 :

Table no.1.1

**Tax Revenue in the Mizo District Council during 1951-53**

<b>Tax items</b>	<b>1951-1952</b>	<b>1952-1953</b>
Shop tax	673	100
House tax	2560	8505
Grazing tax	37	50
Fishery revenue	100	nil
<b>Total</b>	<b>Rs. 3370</b>	<b>Rs. 8655</b>

Source: Mizoram Archives, Art and Culture Department, File no- CB 87, G-1061, page no.2.

From the above table it is obvious that the Mizo district Council did not inherit sufficient money to run the administration as there was no proper tax system. In the first

meeting of the District Council on 23<sup>rd</sup> June 1952, the meeting resolved to ask the Government of Assam for a sum of Rs.30,000 as loan, which was accepted. The second loan of 20,000 was also exhausted and on 3<sup>rd</sup> February 1953, the Chief Executive member of the Lushai Hills District Council sent a request letter to the Under Secretary to the Government of Assam, Tribal Areas & Development Department, Shillong a third loan of minimum Rs. 10,000. The total loans taken during the period of 1952-53 was Rs. 75,000. The council received loans from the Government one after another and between 1952-53 and 1958-59 the total loans sanctioned to the Council to help towards meeting the cost of administration and development works amounted to Rs. 2,90,000<sup>13</sup>.

Thus, the newly set up Mizo District Council was totally depended on financial grants from the Government of Assam for development works, salary of staffs and establishment. Developmental works were adversely affected by the dearth of finances. The Mizo District Council could not sanction a large amount of money on any major development projects and she just relied on the state government to provide sufficient funds to meet the expenditure incurred on development schemes. But the state government also expected the District Council to meet the finance for development from her own resources. During the period 1960-61 to 1964-65 whereas all the other District Councils spent some percentages of their revenue for development purpose varying from Rs. 0.74 lakhs in the North Cachar Hills to Rs.17 lakhs in the Garo Hills, the Mizo District Council could not spend anything out of their resources for development. The entire development expenditure was met by the

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13. Thanhranga, H.C., "*District Council in the Mizo Hills (Updated)*", Lengchhawn Press, Aizawl, 2007, pg.277.

State Government<sup>14</sup>. It is clear that the insufficient grant of finance from the State Government as one of the causes for broke out of insurgency in Mizoram was not completely the fault of State Government. The Mizo District Council administrators also did not fulfil their duties, especially revenue collection while other District Council in the State could do.

The Pataskar Commission in its study also found that the District Council was incurred heavy expenditure on their staff and establishment. In proportion to their resources the average expenditure of various Councils under this head during the five years from 1960-61 to 1964-65 has been as follows: the Garo Hills-32%, the Mikir Hills-44.1%, the North Cachar Hills-57%, the U.K& Jaintia Hills-63% and the Mizo Hills-99%. This shows that almost the entire resources of the Mizo District Council were spent on establishment and administration<sup>15</sup>.

In the table no. 1.2 the revenue receipt of the Mizo District Council during the period of 1960-61 to 1963-64 have been shown;

Table no.1.2

**Revenue Receipt of Mizo District Council during 1960-1964 (Rs in crore)**

<b>Year</b>	<b>Land revenue</b>	<b>Forest</b>	<b>Markets</b>	<b>Others</b>	<b>Total</b>
1960-61	1.70	1.99	0.04	0.22	3.95
1961-62	2.19	2.77	0.01	1.48	6.45
1962-63	1.76	3.41	0.03	0.33	5.53
1963-64	1.90	3.20	0.06	1.20	6.36
<b>Total</b>	<b>7.55</b>	<b>11.37</b>	<b>0.14</b>	<b>3.23</b>	<b>22.29</b>

Source : *“Mizoram; Dynamics of Change”* by Dr. Animesh Ray (1982) pg. 109.

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14 . Ray, Animesh, *“Mizoram : Dynamics of Change”*, Pearl Publishers, Calcutta, 1982, pg. 108.

15. *Ibid.* pg 109

During the same period the expenditure incurred on different heads shows that there was a wide difference between expenditure and revenue receipt as shown in table no. 1.3 below.

Table no. 1.3

**MDC Expenditure during 1960-65 (Rs in crore)**

<b>Year</b>	<b>Establishment pay, etc., except for education.</b>	<b>Education</b>	<b>Development out of government grant</b>	<b>Other expenditure</b>	<b>Total</b>
1960-61	5.00	0.13	2.30	1.87	9.40
1961-62	5.32	3.77	2.85	1.70	13.64
1962-63	5.43	11.45	2.01	1.75	20.64
1963-64	6.24	15.80	9.25	2.04	33.33
1964-65	7.79	16.19	14.16	2.64	41.13
	29.78	47.44	31.02	10.00	118.14

Source : “*Mizoram: Dynamics of Change*” by Dr. Animesh Ray (1982) pg. 110.

From table 2 and 3, we can clearly see that the financial deficit of the District Council was increasing year by year. In 1960-61 it was Rs. 5.45 lakhs, next year it increased to Rs.7.19 lakhs and in 1962-63 it rose to Rs. 15.11 lakhs and in 1963-64 it was Rs. 26.97. The amount of expenditure on different heads was increased rapidly during this four year period. As the District Council did not have any other sources for revenue accumulation like agricultural production to be exported and manufacturing industry except the meagre sources of taxes as mentioned above. So, it was heavily depended on the grants-in-aid and loans from the Assam Government to finance these expenditures. Meanwhile, as there were also other four District Councils in the state. The State Government need to maintain competition for funds and subsequent financial dependence mentality.

The State Government of Assam had paid the grants-in-aid more than double the revenue receipt of the District Council to fill the gap between revenue receipt and expenditure, especially during the period between 1962-63 and 1963-64 the grants to the District Council was increasing steeply. In 1960-61 the amount of grants was Rs.2.30 lakhs, in 1961-62 it was Rs. 2.85 lakhs, 1962-63 it was Rs.2.01 lakhs, in 1963-64 it was increased to Rs.9.25 lakhs and in 1964-65 it was further increased to Rs. 14.61 lakhs. Thus, only during five years the amount of grants to the District Council was increased manifold.

Though the District Council tried to improve the tax system year by year, the increasing welfare role and increasing number of office staffs outpaced the increasing revenue amount received through various taxes. Tax base was also expanded as far as possible. Land revenue, tax on forest products, tax on administration of justice, tax on animal; vehicle and boats, profession, trade, callings, goods into market, toll on passenger, extra-ordinary receipt and deposits refundable are important sources of revenue. Development had gradually settled in the hill, although, in a slow manner.

From the following table the revenue collected by the District Council during the period of 1968-69, 1969-70 and 1970-71, the improvement in revenue collection can be analysed;

Table no.1.4

**Revenue Collection of MDC during 1968-71**

<u>Head of receipt</u>		<b>Actuals of 1968-69</b>	<b>Actuals of 1969-70</b>	<b>Actuals Of 1970-71</b>
		Rs	Rs	Rs
1	Land revenue	91,075	234,233	234,002
2	Forest	120,416	141,993	233,218

<b><u>Head of receipt</u></b>		<b>Actuals of 1968-69</b>	<b>Actuals of 1969-70</b>	<b>Actuals of 1970-71</b>
3	Administration of justice	3,232	5,411	8,119
4	<b>TAXES ON -</b>			
(1)	Animal, vehicle and Boat	153,425	195,669	93,547
(2)	Profession, trade and calling	20,682	27,667	30,127
(3)	Goods into market	8,341	14,638	18,075
(4)	Tolls on passengers	-	-	-
(5)	Extra-ordinary receipt	13,468	18,561	93,420
(6)	Deposits refundable	4,290	12,409	1,139
<b>Total</b>		<b>414,929</b>	<b>650,581</b>	<b>711,647</b>

Source: “*District council in the Mizo Hills (Updated)*”, by H.C Thanhra (2007), pg. 252.

There was an increase of tax revenue collection from 1969-1970 in every item. But during the period of 1970-1971 some items like land revenue, taxes on animal, vehicle and boat and deposits refundable experienced a decreasing trend. As a result, the percentage growth rate of revenue collection experienced a decreasing trend, although the overall tax collection was increased due to steep increase in some items like forest, administration of justice and extra-ordinary receipt.

The total expenditure incurred by the Mizo District Council during the same period i.e. 1968-1971 on different heads of expenditure as shown in table no. 1.5 clearly indicated that there was still a huge gap between the revenue collected by the District Council and the expenditure incurred on various heads.

Table no. 1.5  
MDC expenditure during 1968-71

Head of expenditure		Actuals of 1970-71	Actuals of 1969-70	Actuals of 1968-1969
1	Executive department	7,52,337	11,49,355	6,61,548
2	Forest	1,94,634	2,00,338	1,93,976
3	Administration of justice	1,68,741	1,75,528	1,59,837
4	Legislative department	1,42,772	1,40,846	1,19,618
5	Contingency	77,313	32,920	30,310
6	Village Council	11,061	61,253	64,939
7	Misc. expenditure	93,710	42,009	59,266
8	Works	33,480	21,994	15,736
9	Public health & sanitation	99,387	90,521	62,551
10	Repayment of loan	-	-	-
11	Primary education	22,74,637	33,93,188	31,19,974
12	Development	2,24,702	8,09,369	8,35,278
13	Forest plan	1,23,621	1,78,767	38,000
14	Council education	1,22,340	93,385	1,09,480
<b>Total</b>		<b>43,18,735</b>	<b>63,90,473</b>	<b>54,70,513</b>

Source : “District Council in the Mizo Hills (Updated)” by H.C. Thanhranga (2007),  
pg. 285.

From table no.1.4 and table no.1.5 it is obvious that the District Council was running in deficit. The amount of tax revenue collected in the year 1968-69 from various sources was Rs 414,929 but the amount of expenditure incurred on different heads in the same period was Rs 54,70,513 and there was a deficit of Rs 50,55,584. In the next year 1969-1970, though the amount of tax collected was increased to Rs 650,581, the amount of expenditure was also increased to Rs. 63,90,473 which resulted in a simultaneous increase of deficit to



Rs. 57,39,892. Therefore, without any grants and loans from the Assam Government, the Mizo District Council could not run its administration. Moreover, incidents like Mautam Famine (1959) and outbreak of the MNF insurgency (1966) had tremendously affected developmental works in Mizoram. During the heightened situation of unrest in the District Council in the late 1960s proper carrying out of tax collection was almost impossible due to threatening of harassment by the MNF volunteers and curfew imposed by the Indian military force.

During the period of 1968-1971 the District Council did not incur any expenditure on repayment of loans. The entire loans fallen due for repayment by the 31<sup>st</sup> March, 1963 by the Mizo District Council was Rs.2,90,000<sup>16</sup>. One can say that the State Government of Assam was not outrightly indifferent towards the Mizo District Council. Especially with regard to the grant-in-aid and loans, the District Council received a large amount of funds although it didn't fulfil its responsibilities with regard to revenue collection in comparison to other District Council in the state. The accusation charged against the Assam Government Chief Minister Chaliha by the Mizo District Council and the Mizo Union as one of the main causes of insurgency in Mizoram could also be a political battle and indifferent attitude by the Assam Government towards the Mizo Union Party. It did not have any connection with the financial issue. In the year when insurgency broke out in Mizoram the District Council received a grants of Rs.21,45,569. The grant-in-aid received by the Council was almost four times of the Council's total income.

However, the Pataskar Commission in its study on the demand of Hill District in Assam for full autonomy concluded that dissatisfaction with the economic progress of the hill

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16. Thanhranga, H.C., "*District Council in the Mizo Hills (Updated)*", Lengchhawn Press, Aizawl, 2007, pg. 278.

district as the root of the unsatisfactory general relationship between the two regions, the hills and the plains of Assam. For running the normal administration in the hill districts, the State Government itself was short of funds. As pointed out by the State Government to Barve, for the years 1952-53 and 1953-54 the total per year normal revenue for the five autonomous district councils was Rs. 11.58 lakhs, whereas the total normal expenditure annually was Rs.127.02 lakhs making an annual deficit of Rs. 115.44 lakhs for running the administration of the five hill districts<sup>17</sup>. The Mizo people in the hope of getting more amenities in India, when independence was approaching, decided to join India as unit of Assam Government. But due to inherent traditional attitude towards tax system and the poor condition of the people hindered the pace of development even to the extent that the grants-in-aid from the State Government was not adequate to alleviate the economic backwardness of the region. As long as there was hope that the achievement of economic growth and modernization would finally spill over into the peripheries and lead to nation-wide wealth and prosperity, regions did not question the central administration. However, as faith in this approach began to fade, regionalism began to surge<sup>18</sup>.

Due to insurgency, no major development schemes could be implemented in the District. The apprehension of some members in the Assam Legislative Assembly that the administration of tribal people by the Assam Government would be too complicated and beyond the financial resources of the State Government was proved correct with the passage of time. After six years of insurgency in the Mizo District Council, the District was granted

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17. Ray, Animesh, "*Mizoram: Dynamics of Change*", Pearl Publishers, Calcutta, 1982, pg 107

18. Narang, A.S., "*India : Ethnicity and Federalism*", in B.D. Dua and M.P. Singh (ed.), *Indian Federalism in the New Millenium*, Manohar Publishers & Distributors, New Delhi, 2003, p 77.

Union Territory status in 1972 under the North Eastern Areas ( Reorganisation) Act, 1971 (Act 81 of 1971). The main aim of this was to quell the rebellion.

### **Mizoram became Union Territory**

After Mizoram attained Union Territory status she had maintained direct relations with the Union Government. The Parliament can make laws on any subject of the three lists including the state list. As a matter of fact, Mizoram was under the direct control of the Central Government. Some important posts like Lt.Governor, Chief Secretary and other higher posts were created in the state. Though the UT was still under the insurgency situation, direct contact with the centre and more financial aid from the Central Government greatly solved the earlier strained relations under the Assam Government. The posts of those higher offices were mainly filled by the All India Services. The mindset and attitude of the Mizo people towards the mainland Indians were also gradually changed. S.P. Mukherjee, a retired IAS officer was appointed the first Lt. Governor of Mizoram, and he administered on behalf of the President of India with the help of political executives and bureaucrats. Chief Minister headed the political executives and the Chief Secretary headed the bureaucrats. Under the Chief Secretary there are other secretaries and directors in different departments, post of Inspector General of Police was also created with his subordinate administrative personnel. The entire Mizo District was split into three districts, each under a Deputy Commissioner such as Aizawl District, Lunglei District and Chhimtuipui District with the headquarters at Aizawl, Lunglei and Saiha respectively.

So with the complexity of administration, many higher official posts were held by the people from outside the state. Intercourse with the mainland people gradually deconstructed barriers between the hills and plain people. Moreover, some elite class of the Mizo who can afford to send their children to higher studies in the mainland had explored the advantages of maintaining good relationship with the outside people. With the passage of time, some

educated Mizo were also increased in number and those higher posts were held by the natives. Even the post of Chief Secretary was held by one Mizo Lalkhama (IAS), when Mizoram got statehood. During the fourteen years i.e., from 1972-1986, the Union Territory of Mizoram did not face so much financial problems as she faced when she was under the State of Assam. But insurgency was still in vogue and the main aspiration of the people and governments was to establish peace and harmony in Mizoram.

Indira Gandhi was Prime Minister of India when Mizoram was granted the Union Territory status. She tried to strengthen the Congress in India. Due to her efforts, the ruling Mizo Union Party in the Union Territory of Mizoram also felt the necessity and advantages of joining an All India party in the hope of getting more benefits from the Central Government. The Prime Minister had tried to convince the Mizo Union leaders at that time and she finally succeeded. Even though, large number of Mizo Union members, especially those living in the rural areas had opposed to the idea of joining Congress, party officials and office bearers were convinced by Indira Gandhi. As a result, Mizo Union party, though it enjoyed clear majority in the assembly, decided to merge with the Congress party on 12<sup>th</sup> January 1974. Due to this decision, the Mizo Union party was split later on.

In 1975 Prime Minister Indira Gandhi declared National Emergency under article 352 without consulting her Cabinet and put under arrest many politicians who were against her under the Maintenance of Internal Security Act (MISA). In Mizoram also, some members of the People's Conference Party and Mizo Democratic Front (MDF) were arrested under this Act. Those P.C. members arrested were, Brigadier. Thenphunga Sailo, J.Kapthianga, Rev. Sakhawliana, K.M. Biaksailova and leaders of the M.D.F. arrested were – Miss Sanglianchhungi, R. Vanlawma, Thanhawla, Hmarhmingliana, A.V. Pakunga and Rohlupua. After two years of arrest they were set free in 1977.

When the situation in Mizoram was improving, a sudden and serious incident took place on 13<sup>th</sup> January 1975. Four Mizo National Army ( an army wing of MNF) had attacked IGP office when he had meeting with DIG and SP and killed them all at the spot at around 4 pm. Due to this sad incident Home Minister of India also visited Aizawl on 20<sup>th</sup> January 1975. Besides this incident several minor incidents had taken place at various places in Mizoram. As it is already evident that without peace, development could not take place in any country, night curfew had been imposed, ambushed, extortion and killing was the order of those days.

With regard to financial relations, as the Union Territory was under the direct control of the Central Government and it was still under the disturbed area, the relations between the Central Government and Union Territory Government was somewhat running smoothly. The fund for development received from the Central Government was rapidly swelling from Rs 9.30 Crores during the 4<sup>th</sup> plan (1969-1974) to Rs 46 Crores during the 5<sup>th</sup> plan (1980-1985). It again rose to Rs 130 Crores during the 6<sup>th</sup> plan i.e. from 1980-1985. So, after Mizoram became UT, development fund was tremendously increased.

Political relations on the other hand was mainly dealing with how to establish peace in Mizoram. Political leaders of different parties and also church leaders had often paid visit to New Delhi to ask Union Government to hold talks with the M.N.F. Increase of financial aid from the Central and the rising number of Mizo in the Government employees gradually changed the Mizo attitude in favour of friendly relations with the mainland people. In 1976, the following post were held by Mizo, Secretary G.A.D by F.Pahnuna., Development Commissioner by Lalkhama, Commissioner and Secretary Education by P.Rohmingthanga, Secretary Finance by R.Rozika, Revenue Secretary by P.Lalnithanga, Secretary Health by S.R.Vala and Deputy Secretary (Direct Charge) in Local Administration by J.Malsawma. Moreover, the erstwhile District Council employees were also re-employed in the new Union

Territory Government. Increase in the number of natives in Government services paved the way for building a close relationship with those non-Mizo government servants working in the same office. And this in turn led to the socialisation of the Mizo people, especially the upper middle class towards greater India. Though during the Union territory period development could not take place at a faster rate, but various changes in the administrative and financial matters had greatly paved the way for betterment of Mizoram relations with the Central Government.

### **Financial relations with the central after Mizoram attained statehood**

After 20 years of insurgency a historic Peace Accord was signed by the M.N.F. and Government of India on 30<sup>th</sup> June 1986. This accord was the result of understanding and pacific settlement of problems among the three parties i.e. M.N.F., Congress Government of Mizoram and Government of India. M.N.F. leaders and the army volunteers knew well that their struggle for independent Mizoram had caused tremendous sufferings on the Mizo people. Finally, they could agree to the Central Government offer of statehood. One of the causes for the prolongation of insurgency in Mizoram was the Chief Minister Brigadier Sailo's denial of Interim Government proposed by Laldenga in the 1970s. At that time the People's Conference party was ruling the UT. Even the Union Government did not have right to dissolve democratically elected party for the sake of peace in Mizoram without the consent of the ruling party itself. When the Congress party came into power in the UT under the Chief Ministership of Lalthanhawla, he said that for peace he would leave no stone unturned even to the extent of losing the chair of Chief Minister. He stood firmly in his word and he made way for Laldenga to become the Chief Minister in the interim government. Due to the enthusiastic effort of Rajiv Gandhi, the new Prime Minister of India at that time, this accord could be partly concluded. In his quest to find peace by following his mother's trail he even inaugurated the state of Mizoram.

After Mizoram got statehood the responsibility for the development of the state was on the shoulders of the people of Mizoram. The state was given one Lok Sabha and another one Rajya Sabha representatives. The Lt.Governor post was succeeded by Governor and Hiteswar Saikia became the first Governor of Mizoram. The first election to the State Legislative Assembly was held on 16<sup>th</sup> February 1987 in which Mizo National Front formed government and Laldenga became the first Chief Minister of the full-fledged Mizoram state. From this time onwards the centre-state relations in the sense that had already experienced by the other states in other parts of the country had begun between Mizoram and Union Government.

Financial matter is one of the complex problems in the centre-state relations in India. Two provisions have been highlighted in the political accord of 1986 between the Government of India and the M.N.F. Under the clause “Legal, administrative and other steps” that should be taken, it was highlighted in no. 6, under sub-number (a) and (b) as follows;

(a) The Centre will transfer resources to the new Government keeping in view the change in status from a Union Territory to a State and this will include resources to cover the revenue gap for the year.

(b) Central assistance for plan will be fixed taking note of any residuary gap in resources so as to sustain the approved plan outlay and the pattern of assistance will be as in the case of special category states.

Till date Mizoram is included in the category of Special Category States. In financial relations with the centre the main complaints of the states in India have been dealing with how shareable tax had been distributed between the centre and the states and among the states, the criteria adopted for devolution of shareable taxes among the states, allocation of inelastic sources of revenue to the states. The 80<sup>th</sup> Constitutional Amendment Act of 2000 had changed the tax devolution system and accordingly the Corporation tax and the Custom

duty had been included under shareable tax. So, the last problem mentioned above had been solved to a large extent. But, problem is still there about the criteria followed when revenue receipt from these shareable taxes had to be distributed among the states. Different Finance Commissions had followed different yardstick for prioritising the fiscal needs of the states such as population, state per capita GDP, geographical area of state, tax effort, index of infrastructure and how the state maintained financial management.

But Mizoram have never been vociferous in her relations with the Central Government. This inactiveness can be attributed to the fact that Mizoram State right from the beginning had to depend on grants and loans from the centre. Had the state GDP been higher than the national average level things might be different. From table no.2.1 one can have a clear picture of Government of Mizoram debt both from the internal market and Central Government during the period between 1990 and 1999.

Table no.2.1  
**Government of Mizoram Debt during 1990-99** (Rs in crores)

<b>Year</b>	<b>Internal debt</b>	<b>Loans &amp; advance from Central govt.</b>	<b>Provident fund</b>	<b>Total</b>	<b>Ratio of debt to GSDP</b>
1990-91	48.98	122.24	16.71	187.44	54.9
1991-92	53.58	135.43	27.73	216.74	55.1
1992-93	62.80	145.84	47.81	256.45	48.1
1993-94	80.90	199.45	59.30	339.65	54.5
1994-95	99.76	212.23	77.01	389.00	58.1
1995-96	133.94	238.29	105.43	477.66	56.6
1996-97	274.41	262.00	208.18	744.59	56.3
1997-98	186.51	293.27	299.93	779.71	50.6
1998-99	316.06	323.52	322.93	962.51	58.5

Source : *Mizoram Sawrkar Sum Kalthmang (Finance of the Government of Mizoram)* by Dr Vanlalchhawna (2001) pg.268.



From the above table, it is clear that the debt burden of Mizoram had been increasing year by year. Ratio of debt to GSDP in the year 1998-99 was as high as 58.9. As mentioned by Finance Minister of Mizoram Lalsawta, in the year 2011-2012 Government of Mizoram debt was Rs 4548.45 crores, in 2012-13 it was Rs 5114.20 crores, Rs 5608.47 crores in 2013-14, Rs 6550.39 crores in 2014-15(pre-actual) and it was Rs 6977.13 crores in 2015-16 (revised estimates). As per the reports of the 11<sup>th</sup> Finance Commission, Government of Mizoram debt as a percentage of GSDP was 58.39% while some states like Gujarat had 18.13%, Karnataka 17.48%, Maharashtra 13.08% and Tamil Nadu had 16.41%. It is obvious from these that Mizoram runs the administration and pursue development project solely depend on the centre.

In the late 1990s, normal assistance from the Central Government in the form of loans and grants could not meet the needs of Mizoram Government. So in order to bail out from the financial crisis, State Government of Mizoram had to make an agreement with the Government of India. The Memorandum of Understanding was signed on 8<sup>th</sup> April 1999 with the objective of improving the financial condition of Mizoram. Following this MoU, the Central Government (Ministry of Finance) had to sanction Rs 10 crores as central special assistance to Mizoram. Mizoram on her part had to make plan to increase its state revenue and tried to reduce non-plan expenditure. In addition to this the State Government of Mizoram had to increase user charge of Government goods and services like electricity and water. She had to make plan to reduce the revenue deficit during the year 2000-01 and lastly State Government could not recruit any new employees.

Mizoram is almost totally depended on the revenue receipt from the Central Government which comes in the form of Shared tax, plan and non-plan grants. As the state had no other productive sources of revenue collection these grants and shared tax are the main components of revenue receipt. Fortunately, the state had received Rs 182 crores as a 'Peace Bonus' including Rs 50 crores, which had to be received for every five years starting

from the financial year of 1999-2000 till 2003-2004. Table no 2.2 clearly shows the scenario of Mizoram economic conditions during the period between 1988 and 2001.

Table no 2.2  
**Government of Mizoram Revenue and Capital Receipt during 1988-2001 (Rs in crore)**

Components	1988-89	1991-92	1996-97	1997-98	1998-99	1999-00	2000-01	Growth rate
<b>A. Revenue receipts</b>	273.83	400.03	667.57	721.43	734.97	953.71	1081.82	6.7
1. Revenue transfers	263.33	366.67	614.48	667.72	689.61	901.58	1030.86	9.1
- Shared tax	85.56	117.97	181.78	247.92	280.09	325.03	135.67	2.7
- Non-plan grant	25.94	76.98	138.15	56.41	24.70	111.37	402.30	20.5
- Plan grant	151.83	171.72	294.55	363.39	384.82	465.16	492.9	7.3
2. State's own revenue	10.53	33.35	53.09	53.71	45.36	52.15	50.95	11.7
- Own tax	1.55	3.35	6.67	7.87	9.2	10.75	13.53	17.8
- Own non-tax	8.95	30.00	46.42	45.84	36.16	41.40	37.42	10.3
<b>B. Capital receipt</b>	7.37	22.42	78.22	187.22	91.88	307.26	127.19	27.2
1. Internal debt	7.66	15.10	35.04	38.01	74.54	89.51	97.23	19.5
2. Central loans	12.72	13.64	29.78	33.09	36.93	49.85	53.63	10.9
3. Recoveries	1.6	2.90	4.62	5.65	7.18	9.31	9.68	16.8
4. Provident fund	-14.17	-9.22	8.78	109.52	-26.46	158.59	-33.35	-59.8
<b>C. Aggregate receipt</b>	281.2	422.45	745.79	908.65	826.85	1260.97	1209.01	10.6

Source : Vanlalchhawna “*Economic Development in Mizoram – Role of State Finances*” in R.N. Prasad & A.K. Agarwal (ed) *Modernisation of the Mizo Society* (2003) pg 224.

The above table clearly shows that states revenue which comprises of own tax and own non-tax had a growth rate of 11.7, while revenue transfer from the centre through shared tax, non-plan grant and plan grant had a growth rate of 9.1 during the cover years. Although the state government had tried to increase its revenue, state's revenue was not sufficient to finance the welfare role of the state. Even revenue transfer was increasing, the state needs to depend heavily on capital receipt through internal debt, central loans and provident fund. In the year 2001, Rs 884 crores was expected from the centre and it constituted 77% of the total expected revenue receipt of the state. Thus, it is clear that poor state like Mizoram could not

be expected to have more financial autonomy and without financial autonomy no more political autonomy is feasible.

## **Conclusion**

From the above mentioned about the relations of Mizoram with the Central Government with special emphasis on three issues i.e., financial dependency, President's rule and role of Governor in the state, it can be safely said that Mizoram, though follows the pattern which was already exist in centre-state relations. However, due to various reasons like financial backwardness of the state, lesser number of populations resulting into lesser representatives at the Union Level, long period of insurgency, meagre state's revenue collection and heavy dependence on the financial grants from the centre for development work, its relations and problems with the Union Government cannot be the same as experienced by the bigger and more developed states.

The manner and prospects of relations as a whole is determined by inter-related and inter-connected events and issues in three institutional mechanisms like Governor, article 356 and finance. Article 356 had been imposed thrice in Mizoram but unlike the case in other states there had been no evidence of misuse of Article 356 either by the Governor or by the President. President's rule was imposed twice during the Union Territory status and it was also a period when insurgency was in operation in the UT. These two terms of President's rule i.e. 1977 and 1978 were imposed purely due to falling vacancy of Chief Minister post after the term of Ch. Chhunga, the then Chief Minister had been over and due to internal problems resulting into defection in the ruling party of People's Conference during the Chief Ministership of Brig. T. Sailo in the UT. In the latter case, Chief Minister had written in his autobiography that he had made recommendation to Morarji Desai, the then Prime Minister of India, to put the UT under President's rule when the latter visited Mizoram on 7<sup>th</sup> November 1978. President's rule on 10<sup>th</sup> November 1988 was also due to the loss of majority

position in the State Legislature by Laldenga-led MNF ministry due to dissension among the MNF MLAs. Dissident members joined hands with the state congress and formed the United Legislature Party. Eventhough both the camps had tried to form the ministry in the state legislature, the Governor of Mizoram, Hiteswar Saikia, after having deliberate consideration decided that the state be put under president's rule and recommended to President as such.

With regard to posting, though the state had frequent changes of Governor, there have never been conflicts between the legislative head and the executive head in the state. But an interesting fact is that those Governors who had been indulged in politics were the worst sufferer of regime change at the centre. In the state of Mizoram, it was the NGOs, but not the state government, who raised uproar against the decision of the Central with regard to frequent change of Governor.

Why does the state government just conform to the Central Government? The answer lies in financial dependency. Every ministry knew the advantages of having good relations with the Union Government. So, even in the case of different parties formed government here, they did not want to have conflict with the Union Government. During the District Council period financial dependency on the State Government of Assam resulted in hostility in the relations, after Union Territory direct financial assistance from the Central mitigated the then hostile attitude towards India. But, financial condition of Mizoram was not improved as expected to be after peace returned and also 30 years after the statehood. This financial dependency now binds the state with the Central but it is unknown when this link lose its validity. The upper class in the state are feeling satisfied but majority people who are not benefitted by the Central Plan and assistance and the increasing inequality in the society could result in another insurgency. So, equal distributions of development funds among different regions within the state, upliftment of the people engaged in agriculture and self-

sufficient in agricultural products were very essential. Even on essential commodities, especially rice, the state depends on import. To be able to have an effective voice at the centre the state needs to be economically self-sufficient.

## **CHAPTER – IV**

### **Centre-State Relations: Regime Change Implications**

This chapter is concerned with relations between Mizoram and Government of India during a specific timeframe i.e from 2013 to 2016. An attempt is made in this chapter to highlight the Mizoram State Government relations with the INC-led UPA Government at the Union level covering a period from 2013 to 2014 Lok Sabha Election. Is there any major change after BJP led NDA Government was formed at the centre after the election?, efforts made by the State Government and the Union Government to improve relations with each other in a new regime, what are the strategies?, Is there any financial implication?, And, opinions of politicians, bureaucrats and academicians in Mizoram relations with NDA Government are also highlighted.

Within this timeframe there was a change of ministry at the centre, before Lok Sabha Election of 2014 Indian National Congress, mother party of ruling Congress party in the state of Mizoram, was ruling Central Government. But 2014, Lok Sabha Election was won by the Bharatya Janata Party with a clear cut majority. As it is a regular experience that in India, regime change at the level of both union and state used to be followed by changing pattern of relations. This is more obvious when parties at the ruling chair at both levels are different from each other. Complaints and conflicts have been rising in number and degree from time to time. In this chapter an attempt is made to analyse the changing pattern of relations with certain implications, how the financial autonomy or dependency had effected the relations, strategies adopted both by the centre and state to strengthen or weaken each other in a specific case of Mizoram.

The present ruling party i.e. Indian National Congress in Mizoram had come into power in 2008 after the Mizo National Front ruled the state for two consecutive terms. It won

the state legislative assembly election again in 2013. Without any major mistakes and scandals, the party consolidated its power in the state. Meanwhile at the Union level in the Lok Sabha election of 2014, Indian National Congress was badly defeated by the Bharatya Janata Party and formed government at the centre under the new Prime Minister, Narendra Modi. Modi advocated a new trend in the Indian Federalism of what he called “Competitive and Co-operative Federalism” and he tried to change the prospects and patterns of centre-state relations in India. Being a Chief Minister of Gujarat, Modi had the experience of bitter relations between the state government and the union government and its adverse consequence in his earlier days. In many of his speeches, after he became Prime Minister, he used to talk about the importance of more developed states to build more developed India and he pleaded for the cooperation of different states.

### **Initiatives taken by State Government to improve relations with the Union Government**

Before coming to various efforts made by the State Government of Mizoram to improve relations with the BJP government at the centre, it is imperative to highlight her relations with the INC government at the centre from 2013 to Lok Sabha Election of 2014. Mizoram had good relations with the central government of Indian National Congress before the BJP came into power at the centre. Even the state flagship programme, ‘New Land Use Policy’ got support from the centre in words and finance. The Planning Commission Deputy Chairman Montek Singh Ahluwalia had expressed his satisfaction over the achievements made by Mizoram in health, agriculture and education and even goes to the extent of saying that he had congratulated the success of the state NLUP programme and promised for its further success.

On 19<sup>th</sup> September 2013, at the Congress Bhavan Aizawl, Luizinho Faleiro, General Secretary, All India Congress Committee (AICC) in-charge of North East had stated before

media people that the Mizoram Government under Lalthanhawla had implemented his promised to the people and to keep the people of Mizoram to be happy with the government. He added that the promises made by the State Congress before 2008 MLA Elections like NLUP, development of youth, eradication of corruption and infrastructure developments had been implemented and due to this even the AICC President Sonia Gandhi was happy with the State Government.

Sonia Gandhi had also paid a visit to the state on 20<sup>th</sup> September 2013 to campaign for Congress for the coming state assembly election in the month of November. A public meeting was organised at 3<sup>rd</sup> MAP playground, Mualpui. On this occasion Sonia Gandhi asked the people to vote Congress in the election, and if Congress had won she promised that every possible help would be given. She also said that the needs and requirement of Mizoram put forwarded by the state Chief Minister would be dealt with as soon as possible. About the NLUP, she praised the scheme as it brings development to many families and she remarks that the state government was successful in the improvement of financial conditions. Chief Minister Lalthanhawla in return expressed his gratitude to Sonia Gandhi as she had taken every measure for the implementation of the promises she had made in the 2008 elections.

Prime Minister Dr. Manmohan Singh paid a visit to the state on 16<sup>th</sup> November 2013 and he campaigned for the state congress asking the people to vote for Congress for the development of the state and promised all help from the centre. On 18<sup>th</sup> November 2013, Sonia Gandhi paid a second visit to the state to campaign for election. The AICC Vice President Rahul Gandhi also visited Champhai and Kolasib on 21<sup>st</sup> November 2013 for the same reason.

Mizoram was awarded the Best Performing State under the JNNURM and also the Best State for Overall Performance under the SJSRY in the year 2012-13 by the Union



Ministry of Housing and Poverty Alleviation. The former award is given to the best state among the Special Category States and UTs for outstanding work during the last seven years in the Basic Services to Urban Poor (BSUP) and the Integrated Housing and Slum Development Programme (IHSDP) both under the JNNURM. And, the latter award is also given to the best performing state among small states and UTs. Chief Minister Lalthanhawla had received from President Pranab Mukherjee on 21<sup>st</sup> January 2014 at Vigyan Bhawan, New Delhi.

There is good relationship between centre and state of Mizoram during this period as they belonged to the same party. Union Government did not have any major interference in the state politics. Home Minister of Mizoram Lalzirliana said that Mizoram Pradesh Congress Committee never totally depended on the direction and supervision of the Congress leaders in New Delhi in the inauguration ceremony of Lalthanhawla Auditorium on 12<sup>th</sup> January 2015. State Congress was given autonomy in the state politics but central leaders give them financial assistance and also campaign for the state when election comes. State's Flagship Programme, 'New Land Use Policy(NLUP)' under which selected families in rural and urban areas are given financial assistance of Rs 1,00,000 in a phased manner so that they could attain self-sufficiency in different occupations like poultry, piggery, fishery, small trades like weaving, hair cutting, permanent farming in orange and pineapple. This policy can also be implemented with the help of financial assistance from the centre<sup>1</sup>. It can be said that Congress had won the state election of 2008 due to this flagship programme.

Though Indian National Congress was badly defeated by its main rival BJP in the Lok Sabha Election of 2014, Government of Mizoram has been trying since the inception period till today to maintain good relations with the Union Government. Lalthanhawla

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1. Till May 2015, the NLUP assistance was given to 1,30,748 families

attended induction ceremony of Narendra Modi as Prime Minister in New Delhi. He said that even though Congress was defeated at the centre, the state government was still strong and he hoped that Narendra Modi's Government would be better for India and Modi also used to be Chief Minister, so he hoped that he would have better experience and understanding of what problems confronted the state. In the political session held at Congress Bhavan, Aizawl on 31<sup>st</sup> May 2014, Chief Minister also said that it would be better for state congress and Mizoram when non-congress party had formed government at the centre.

To build a close and friendly relationship with the BJP Government at the centre, state ministers and officials had gone to Delhi and met various Union Ministers in the initial period and later from time to time. In these meetings various needs of Mizoram and problems faced were informed to the Union Ministers concerned. State ministers and officials had meetings with Officials at the Centre and the issues discussed thereon are as bellows:

(1) Lalthanhawla went to Delhi in the month of June and met Prime Minister Modi in his office on 9<sup>th</sup> June. On 10<sup>th</sup> 2014 he also called on V.K. Singh, DoNER minister in his office and on 11<sup>th</sup> he had discussion with Kiren Rijju, Union Minister of State for Home Affairs at Mizoram House, New Delhi. In these meetings with Prime Minister and Union Ministers, the CM had discussed important matters with them and informed them various needs and problems of Mizoram ranging from financial problems, power and electricity, problems in development work, needs of the NE states and he invited Prime Minister and the DoNER minister to visit Mizoram.

(2) Chief Minister met the Finance Minister Arun Jaitley on 27<sup>th</sup> June 2014 and told him that due to twenty years of insurgency Mizoram was economically backward in comparison to other states. He requested the Finance Minister to help finding a solution to the financial problems of the state and the latter replied him that measures should be devised to improve

financial condition of Mizoram. In the next day, Chief Minister met the Union Home Minister Rajnath Singh and discussed various needs of Government of Mizoram and boundary problems with Assam Government. In addition to that, some important topics are mentioned in the meeting such as:

- (a) Security Related Expenditure (SRE).
- (b) Inner Line Regulations.
- (c) Conditions of Bru at Tripura Transit Camp.
- (d) Kuki Liberation Organisation.

(3) CM met the Union Home Secretary Anil Goswamy on 5<sup>th</sup> August 2014, on the issue of Bru at Tripura Transit Camp and he asked him to delete those who did not want to return to Mizoram from the electoral roll.

(4) John Rotluanglian, Mizoram State Minister also met the DoNER Minister V.K. Singh on 8<sup>th</sup> August 2014 in New Delhi and they discussed the Transport and Supply Department projects.

(5) Joseph Lalhlimpuia, Parliamentary Secretary of Mizoram had a discussion with V.K. Singh and informed him about various needs of the state on 25<sup>th</sup> September 2014 in New Delhi.

(6) Tourism Minister of Mizoram, John Rotluangliana and Lok Sabha MP C.L. Ruala had a discussion with the Union Minister of State for Tourism Dr. Mahesh Sharma over different projects pursued by Tourism Department of Mizoram on 29<sup>th</sup> August 2015 in the latter's office and informed the Union Minister about various problems faced by the State Tourism

Department. Union Minister promised to take steps to overcome those problems mentioned by the two visiting officials.

(7) Chief Minister of Mizoram met the DoNER Minister Jitendra Singh in Delhi on 29<sup>th</sup> September 2015, and informed him about various needs of the state. In the meeting with the DoNER Minister, the CM explained the transportation problems faced by Mizoram and to overcome this he also sent a request to the Civil Aviation Ministry to arrange direct flight between Delhi and Mizoram every day or twice in a week.

(8) On 7<sup>th</sup> November, 2015, Mizoram Food, Civil Supplies & Consumer Affairs minister met in New Delhi the Union Minister of State for Petroleum & Natural Gas, Dharmendra Pradhan and discussed how Mizoram would be able to have self-sufficiency in petroleum products. In the discussion, the Union Minister said that efforts would be made to prepare site of oil depot for Mizoram, to choose which corporation and agents are the best appropriate for.

(9) Tourism Minister of Mizoram John Rotluangliana had called on the Union Minister of State for Tourism Dr Mahesh Sharma in his office in Delhi on 22<sup>nd</sup> January 2016 and discussed about eco-tourism. John conveyed his gratitude to the Union Minister over the acceptance of New Eco Tourism Project 2015-16 at Thenzawl and S. Zote under Swadesh Darshan which cost Rs 94.91 crore and funds given by the Central Government.

(10) Indian Council of Agricultural Research Society (ICARS) 87<sup>th</sup> Annual General Meeting was held in Delhi on 4<sup>th</sup> February 2016 under the leadership of Union Agriculture Minister Radha Mohan. In this meeting three Mizoram State Ministers, PC. Lalthanliana, Horticulture Minister, C. Ngunlianchunga Animal Husbandry and Veterinary Minister and Dr BD Chakma the Sericulture Minister were present. The three state ministers conveyed the needs of their respective departmental needs and on-going projects.

(11) Chief Minister of Mizoram, Lalthanhawla called on the Union Minister of State (independent charge) for Petroleum and Natural Gas, Dharmendra Pradhan in Delhi on 23rd February 2016 and requested the Union Minister to take steps for faster process of oil and gas exploration project in Mizoram.

(12) On 27<sup>th</sup> February 2016, Health and Family Welfare Central Council Conference was held in Delhi and Health Minister of Mizoram also attended this conference. On this occasion, the State Health Minister requested the Union Health Minister to take measures to set up a Medical College in Mizoram and to make concession for Mizoram in the Medical Council of India norms. Union Minister on his part assented to the request to credit funds to be received by the state from National Aids Control Organisation (NACO) to the account of Mizoram State Aids Control Society (MSACS) instead of going through the State Finance Department.

(13) On 24<sup>th</sup> May 2016, Chief Minister on his official tour to Delhi called on the Union Home Minister Rajnath Singh and discussed about importance of road connectivity between India and South East Asia through Myanmar and requested the Union Minister to expedite the on-going construction of Kaladan Multi Modal Transit Transport Project.

(14) Chief Minister of Mizoram also attended the Inter-State Council meeting<sup>2</sup>. Lalthanhawla said that Prime Minister had a great vision for development of the country and Mizoram would take every effort to implement this vision. Though Mizoram had faced some problems with regards to appointment of Governor in the state and it can be regarded as an insult to Mizoram, Lalthanhawla did not mention about this while the Chief Minister of Delhi Arvind Kejriwal expressed his opposition of imposing President's Rule in the state without any

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2. Inter-State Council Meeting was held at Rashtrapati Bhavan, New Delhi, on 16<sup>th</sup> July 2016.

reasonable causes. He also proposed a resolution to pass that before appointment of state Governor and Lt. Governor of UT the concerned states or UT should be consulted. Nitish Kumar, Chief Minister of Bihar, suggested abolition of Governor post. Unless the state Chief Minister was empowered in the matter of appointment and sacking of Governor and there should be transparency in the appointment of Governor.

(15) Chief Minister of Mizoram Lalthanhawla went to Delhi and met the External Affairs Minister Sushma Swaraj at her office in the third week of July 2016. CM had urged the External Affairs Minister Sushma Swaraj to scale up and strengthen the bilateral engagement with Myanmar. He apprised her of his tour to Myanmar in April this year and shared his thoughts on the need to strengthen the bilateral relations with Myanmar through the border trade, development investment, connectivity, political engagement and people to people exchange to optimise the gains of the North Eastern States in the context of the Act East Policy. Chief Minister requested Swaraj to take initiatives to ease restriction through a bilateral process to facilitate the movement of people between the two countries and explore the possibility of making the bus service regular between the two countries through Moreh. He also asked Swaraj to take measures to preserve and protect the Banyan tree known to the Mizo as “Khampat Bung” a symbol of Mizo unity planted in the 17<sup>th</sup> century. Sushma Swaraj on 26<sup>th</sup> of August 2016 informed the Mizoram Government that she had written to the Myanmar Government to take steps to protect the Khampat Bung located in the Khampat village in the country’s north-western frontier.

(15) School Education Minister of Mizoram, H. Rohluna went to Delhi and met the Union Human Resources Development Minister Prakash Javadekar on 24<sup>th</sup> October 2016. H. Rohluna apprised the Union Minister of the salary problems faced by Hindi teacher employed under the CSS in Mizoram and requested him to take measures to solve the problem. Union Minister replied him that learning of Hindi as compulsory in the Middle and High School

section in Mizoram is a very good thing and he promised that these Hindi teacher would get their salaries. He would inform the concerned department to take measure as soon as possible. He also said that the utilisation of this scheme in Mizoram would be examined and efforts would be made for the continuation of this scheme.

In the inauguration programme of tourist lodge at Serchhip on 7<sup>th</sup> June 2016, Chief Minister of Mizoram, Lalthanhawla said that Central Government had paid due attention to Mizoram as the state had done well among smaller states in India. Again, on 10<sup>th</sup> June 2016, CM said at the Congress Bhavan that although UPA Government had given a very good care to Mizoram, the NDA Government might be better for Mizoram in this regard. He added that it did not matter whether BJP or INC formed the government at the centre. They are going to favour those states who had performed their duties diligently and that were why Mizoram received a very good care from the NDA Government. On 17<sup>th</sup> of the same month, CM at the Congress Bhavan said that BJP made an attempt to dominate the North East State but right now they did not dare to include Mizoram in this policy.

### **Discontentment**

Besides these efforts of the state government to improve relations with the centre after Modi's Government came into power, there are some minor difficulties with the Union Government. There is no major conflict with the Union Government that is worthy of mention but only some minor difficulties and misunderstandings on various issues. Some of them are still impossible to define the root cause as the present government at the centre is too young, barely two years old, so that the main intention and policy behind cannot be unravelled. Problems with regard to appointment of the Governor had been mentioned in the previous chapter and Funding Patterns as recommended by the FFC and the problem that follows will be dealt later.

With regard to state Flagship Programme NLUP, State Chief Minister said that Central had called explanation on NLUP from the state government on the occasion of “Farmers’ day” organised at Synod Conference Centre, Aizawl on 14<sup>th</sup> January 2015. Unfortunately eight months after it came into power at the centre not even a single Union Minister visited Mizoram while the other North East states were visited by union Ministers. Though the state Congress did not attack BJP directly, it did implicitly by availing religious intolerance towards the Christians that had tainted the BJP images. On 2<sup>nd</sup> February 2015, Mizoram Pradesh Congress Committee (MPCC) made a statement on the issue of Zoramthanga, President MNF acting as mediator between the Myanmar Government and rebels stating that any alliance with the BJP-led NDA government was not a good thing and accused BJP of causing many troubles to Christians in India. CM of Mizoram also said on 24<sup>th</sup> April 2015 that the main aim of BJP Government was to transform India into a Hindu state. MPCC again made a statement on 14<sup>th</sup> July 2015 demanding punishment for Union External Affairs Minister Sushma Swaraj, Rajasthan Chief Minister Vasundhara Raji and his son Dushyant Singh, MP as they are involved in a scandal called “Lalitgate” and assailed of BJP Government for not taking any measures.

Union Home Ministry informed the CAG to investigate the lottery system of Mizoram with Sikkim and Nagaland in October 2015. But Lalthanhawla said that there was nothing wrong in the state lottery system. Also in the campaign for Delhi Assembly Election 2016, BJP called the inhabitants of North East as ‘Immigrants’ in their Document Vision. The MPCC along with the All Assam Student Union (AASU) and Manipur Congress announce in a statement stating their opposition to the BJP’s Document Vision calling them as “Immigrants”.

In the state of Mizoram there was preparation for grand celebration of thirtieth anniversary of peace on 30<sup>th</sup> June 2016 under the guidance of Central Young Mizo



Association (CYMA). The Prime Minister was re-invited by the State Chief Minister as he failed to respond to the invitation by the CYMA. The CYMA President and Organising Chairman Lalbiakzuala said that they had invited him to grace “Remna Ni” on its thirtieth anniversary. He added that they invited the Prime Minister to grace because the occasion would provide opportunity to hold talks with him about the implementation of some of the terms and of memorandum of settlement signed between the Government of India and the MNF in 1986. Again, this second invitation by Chief Minister did not receive any response from Prime Minister. No information was received from Prime Minister Office about the failure to attend the ceremony. Till date Prime Minister did not visit the state while he paid visits to Assam in February 2014, Manipur in November 2014, Nagaland and Tripura in December 2014, Arunachal Pradesh in February 2015 and Meghalaya in May 2016. Mizoram is the only state in North East where Modi did not land so far.

An initiative taken by the Union Government and the BJP Mizoram Pradesh to commemorate a Mizo knight Khuangchera<sup>3</sup> as Indian freedom fighter was cancelled due to stiff opposition from different political parties and the NGOs in the state like MZP, CYMA and MSU. There was disagreement between the two opposing fronts. Mizo people claimed that Khuangchera at that time of his fighting did not know even the name of India, he had just fight for Mizoram. On the other hand, Union Government and state BJP on their turn had claimed that even though Khuangchera may not know India, his struggle against the British colonial policy was worthy of reward. On this issue, Governor of Mizoram Nirbhay Sharma also stated that the Mizo’s perception of freedom fighter must be reconsidered. Adding that, as those people who opposed the British colonial policy are freedom fighter for their distinct

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3. Khuangchera lost his life fighting British Colonial policy in the late 17<sup>th</sup> century.

group of people, they are at the same time freedom fighter for India also. Erstwhile, they may reside outside India, they are now included in the Union of India, so that Mizo could have had a broader national outlook, according to him.

### **On financial issues**

In the previous chapter the inter-state relations of financial and political matters had been clearly mentioned. In this chapter also, to have a better understanding of relations between state and centre it is imperative first to have a look at the financial position of Mizoram Government or to what extent Mizoram have financial autonomy. To have a comprehensive understanding of the financial condition of Mizoram, it is necessary to look back what was happening in the revenue receipts of the state in recent years.

**Table no. 2.3 Revenue Receipt by major heads during 2008-2012**

(From the Consolidated Fund of Mizoram)

Rs. in crore

	2008-09 (Actual)	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Actual)
Revenue Account				
1. Tax				
(a) State own tax revenue	94.62	107.58	130.08	178.67
(b) Central tax and duties	383.39	394.53	590.78	827.78
<b>Total of 1</b>	<b>478.01</b>	<b>502.11</b>	<b>720.86</b>	<b>1006.45</b>
2. Non-tax				
(a) Interest receipts, dividends & profit	32.91	17.85	12.17	15.60
(b) General services	12.13	18.05	23.19	9.15
(c) Social services	8.25	9.60	10.67	1242
(d) Economic services	105.38	81.00	100.15	130.87
<b>Total of 2</b>	<b>158.67</b>	<b>126.50</b>	<b>146.72</b>	<b>168.04</b>

3. Grants from Central Govt.				
(a) Non-plan grants	734.62	725.33	819.06	856.50
(b) State plan grants	919.61	1338.59	1166.09	1572.11
(c) Central plan grants	19.51	10.87	-	13.47
(d) Grants for CSS	284.88	222.80	474.64	326.92
(e) NEC/NLCPR etc.	57.83	37.29	47.36	68.34
<b>Total of 3</b>	<b>2016.45</b>	<b>2334.89</b>	<b>2507.15</b>	<b>2837.33</b>
<b>Total revenue receipts</b>	<b>2653.13</b>	<b>2963.50</b>	<b>3374.73</b>	<b>4011.82</b>

Source: Mizoram Statistics (2014) Compiled by Lalchhuanawma Hrahsel, 1<sup>st</sup> Edition, 2014, SB Offset Printing Press, Aizawl.

From the above table, it is clear that State own tax and non-tax revenue was increasing year by year but it is still minimal in comparison to revenue receipt from devolution of Central tax and duties. Devolution of Central tax and duties is determined by the Finance Commission for every five years and these are the constitutional rights of the state. Mizoram is heavily depended on grants from Central government as one sees from the table.

Government of Mizoram also borrowed money from Central Government and different Financial Institutions upon the security of the Consolidated Fund of the state under Article 293 of the Indian Constitution. Besides, receipts from provident fund, small savings and payment of state Government debt by private all these are included in the Capital Account. Poor states like Mizoram cannot borrow a large amount of money so that it cannot have large amount of money in Capital Receipt. Table no 2.4 shows Capital Receipts of Mizoram during 2008-09 to 2011-12.

Table no. 2.4

**Capital Receipts by major heads during 2008-2012 (Rs in Crore)**

<b>Capital Account</b>	2008-09	2009-10	2010-11	2011-12
<b>Public Debts</b>	(Actual)	(Actual)	(Actual)	(Actual)
(a) Internal Debt of State	99.58	193.72	510.28	443.47

(b) Loans from Central Govt.	6.19	32.17	3.25	22.28
(c) Recoveries from loans	24.86	25.32	25.97	27.80
<b>Total Capital Receipts</b>	<b>130.63</b>	<b>251.21</b>	<b>539.50</b>	<b>493.54</b>

Source: Mizoram Statistics (2014) Compiled by Lalchhuanawma Hrahsel 1<sup>st</sup> Edition, 2014. SB Offset Printing Press. Aizawl.

Total capital receipts of Mizoram were increased year by year, but by 2011-12 experienced a declining trend. From the North Eastern Council (NEC) Mizoram also received Rs 5,387.11 lakhs in 2010-11, Rs 7,998.56 lakhs in 2011-12 and Rs 8,562.29 lakhs in 2012-13.

Here in table no 2.5 total revenue receipts of Government of Mizoram is shown. Under total revenue receipt there are two broad categories, (a) state's own revenue (tax and non-tax) and (b) Grants-in-aid and contributions.

Table no 2.5

**Revenue receipt of Government of Mizoram during 2012-16**

<u>Year</u>	<u>Major head of account</u>	<u>Rs in lakh</u>
<b>2012-2013</b> <b>(Actuals)</b>	(a) state's own revenue (tax and non-tax)	122190.64
	(b) grants-in-aid and contribution	331483.66
<b>2013-2014 (Revised estimates)</b>	(a) state's own revenue (tax and non-tax)	134468.40
	(b) grants-in-aid and contribution	418427.75
<b>2014-2015</b> <b>(Actuals)</b>	(a) state's own revenue (tax and non-tax)	141915.78
	(b) grants-in-aid and contribution	409194.72
<b>2015-2016 (Revised estimates)</b>	(a) state's own revenue (tax and non-tax)	295139.13
	(b) grants-in-aid and contribution	458375.81

Sources: Annual Financial Statement of Government of Mizoram from 2012-13 to 2015-16

Sub number (a) State's own revenue consists of, state's tax revenue, state's non-tax revenue and devolution of central tax and duties. In the year 2012-2013 the total amount of state's revenue was Rs 122190.64 lakh. Out of this total revenue, total of state's tax revenue or the revenue collected by the state through various tax sources e.g. Tax on income and expenditure, land revenue, state excise, tax on vehicles, trade, sale, tax on goods and passengers, stamps and registration fees and duties on commodities and services within the state was Rs 22314.60 lakhs. The total amount of state's non-tax revenue collected by the state from different sources like interests receipts, dividends and profits, general services, social services and economic services was Rs 21280.04 lakhs. And, the total amount from devolution of central tax and duties was in the same year was Rs 78596.00 lakhs. The total amount of tax and non-tax revenue collected by the state was only Rs 43594.64 lakhs. Now it is obvious that in the case of state's revenue (tax and non-tax) the proportion of devolution from central tax and duties was sharply higher than the combination of state's tax and non-tax revenue. But, devolution from central tax and duties is not like the share of a beggar, it is the rightful claim of the state based on the recommendation of Finance Commission. So, revenue of the state under sub number (a) was the sole and duly possession of the state. In the years that followed, the pattern of this difference in proportion was not changed so much as shown by the table.

With regard to sub number (b) grants-in-aid and contribution, in every year that were highlighted in the above table it can be clearly seen that the total amount was almost two times higher in proportion than revenue received from sub number (a) and these revenues are controlled by Central Government. Even with the grants and contribution from the centre, the state government is unable to manage expenditure of the state. Earlier Mizoram is under the Special Category Status. As a result, these grants are given by the centre by following 90:10 patterns, it means that 90% of the money is given by the centre and 10% of the money should

be contributed by the state government. Due to inability to contribute this 10% on the part of the state government, many of the central schemes cannot be pursued by the State Government of Mizoram.

FFC has increased the share of states in the net proceeds of Union tax revenues to 42% from 32% earlier. This is the largest ever jump in percentage of devolution. In the past, changes have been ranged between 1-2% increase. As per this recommendation, Mizoram state would have 0.460% share in divisible pool of union tax and Rs 12,183 crores have been allotted for Mizoram during the period of 2015-2020 in the Grants-in-Aid for revenue deficit states. FFC had recommended that Special Category States had ceased to exist in India and fund distribution should follow 50:50 by the centre and state as followed by General Category State. There were uproars among the Special Category States. There will be no Special Category States, but the FFC recommendation with regard to the fund distribution pattern is not followed by the centre till today.

As per the recommendation of the FFC, Mizoram would receive Rs 30,584.21crore during 2015-16 to 2019-20. Finance Minister of Mizoram, Lalsawta told the members of the State Legislative Assembly that higher amount of expenditure than receipt was the main reason for Mizoram financial difficulty. Rising of government employee salary, compensation, election and money needed to supplement newly introduced Centrally Sponsored Schemes led to increase of unforeseen government expenditure.

Vanglaini, the most widespread daily newspaper in Mizoram highlighted the amount of money received by the North East States during 2015-16 under the recommendation of 14<sup>th</sup> Finance Commission. In table no 3.1 this receipt can be clearly seen.

Table no 3.1

**The amount of money received by NE states under 14<sup>th</sup> FC during 2015-16 (Rs in crore)**

State	<u>Devolution of tax</u>	<u>Grants-in-aid</u>	<u>Total</u>
Arunachal Pradesh	7,232	159	7,391
Assam	1,7401	3,283	20,684
Manipur	3,238	2,122	5,360
Meghalaya	3,371	643	4,014
Mizoram	2,414	2,166	4,580
Nagaland	2,614	3,224	5,838
Tripura	3,369	1,175	4,544

Source: Vanglaini Daily Newspaper, Dt.25<sup>th</sup> February 2016.

The recommendations of the FFC have introduced a pivotal change in the pattern of the transfer of funds to the state. In addition to this, Government of India has since introduced a new system by setting up the National Institute for Transforming India (NITI Aayog) in place of the erstwhile Planning Commission which was in function for more than 60 years in India. As per the new pattern of funding, states are no longer given their main sources of Plan Fund consisting of the Normal Central Assistance (NCA) and the Special Central Assistance (SCA) that were, otherwise, formerly made available within the Five Year Plan and Annual Plan. In all the previous years, Planning Commission would allocate Plan Funds to the states in the form of Annual Plan Outlay within the approved Five Year Plan while the non-plan fund used to be allocated for five years according to the recommendation of the Central Finance Commission. However, from 2015-16 onwards, the awards of the FFC are made to the states without there being any differentiation between plan and non-plan allocation. The remaining funds that would flow from the Central Government are from the schemes under the Centrally Sponsored Schemes (CSS), the North Eastern Council (NEC)

and the Non-Lapsable Central Pool of Resources (NLCPR), the amounts of which the concerned central ministers are yet to decide.

Due to this change in the funding pattern, Finance Minister of Government of Mizoram Lalsawta said to the members of the State Legislative Assembly on 6<sup>th</sup> July 2015 that even though the recommendations of the Fourteenth Finance Commission was in favour of state government by increasing the share of states in central shareable tax from 32% to 42%, the cessation of Special Category Status of the North Eastern States has caused insurmountable financial problems to Mizoram and other states of the region, as increased in the state's sharing ratio in respect of the CSS has been indicated by the centre. Being a resource deficient state, Mizoram might not be in a position to take up certain CSSs which the state could somehow manage with difficulty earlier. The North Eastern States, including Mizoram, and different Chief Ministers of the region had submitted to the centre from time to time a joint and common cause demanding restoration of privileges of the Special Category States and as a result these efforts, this new funding pattern was not followed even though there is still no permanent settlement of the issue.

As it is already mentioned, Mizoram is a resource deficit state, while revenue receipt from various sources was limited the expenditure side was increasing higher and higher. Table number no. 3.2 highlights revenue account and capital account of Government of Mizoram during the period from 2012-13 to 2015-16.



Table no.3.2

**Revenue account and capital account of Mizoram during 2012-16** (Rs in lakhs)

Year		2012-13(Actuals)	2013-14(Revised estimates)	2014-15(Actuals)	2015-16 (Revised estimates)
Revenue account	Receipt	453674.30	552896.15	551110.50	753514.94
	Expenditure	450891.32	614502.58	565243.65	664370.49
	Revenue deficit(-) or surplus (+)	2782.32	-61606.43	-14133.15	89144.45
Capital account		-60755.05	-96795.21	-92751.22	-104705.45
Fiscal deficit		-58048.91	-161242.34	-103964.63	-15561.00

Sources: Annual Financial Statement of Government of Mizoram from 2012-13 to 2016-2017

Receipt under revenue account had been mentioned earlier, some major expenditure under revenue account are categorised under three sub heads, (a) General services, (b) Social services and (c) Economic services. Under category (a) 'General services', important items on which expenditure have been incurred are, state legislatures, Governors, Council of Ministers, administration of justices, election, fiscal services, interest payment and servicing of debt, administrative services and pension and miscellaneous. Under category (b) 'Social services' falls items like, Education, sport, art and culture, health and family welfare, water supply, sanitation and housing and urban development, information and broadcasting, welfare of schedule caste/schedule tribe and other backward classes, labour and employment, social welfare and nutrition. Under category (c) 'Economic services' important items like, agricultural and allied activities, rural development, special areas programme, irrigation and flood control, energy, industry and minerals, transport, communication, science, technology and environment and general economic services are included.

In the revenue account, there were big deficits in 2013-14 and 2014-15, but Mizoram can have surplus of Rs 89144.45 lakhs in 2015-16 budget revised estimates. But, in the

capital account, deficit was increasing year by year, except in 2014-15 and it reached a deficit of Rs 104705.45 lakhs in 2015-16. Fiscal deficit is the gap between Government's total spending and the sum of its revenue receipt and non-debt capital receipt. It represents the total amount of borrowed funds required by the state government to fully meet its expenditure. Fiscal deficit was as high as Rs 161242.34 lakhs in 2013-14 but it sees a declining trend in the year that follows and in 2015-16 it is Rs 15561.00 lakhs. Though it is still very high but improvement have been there.

Mizoram financial problem is not of a recent phenomenon. In 2013, when INC was ruling at the centre, Mizoram faced a difficulty in finance even to the extent of reaching possible overdraft in which government treasury was to be closed down<sup>4</sup>. Chief Minister of Mizoram also expressed that the Food Security Bill, which was designed to be applied in the Congress-ruled states in India could not be applied in Mizoram due to financial shortage and unless Central Government had given Special Assistance for the purpose Mizoram would not make this bill applicable in the state.

To improve the financial condition of State, Government of Mizoram had introduced some new tax-based programme and also increased the rate of taxes from various sources. After the BJP Government under the coalition of NDA came into power, Union Government had urged the States Government to reduce fiscal deficit and increased state's revenue sources. Government of Mizoram also made efforts towards this end. Many of these efforts are carried out by the State's Government to justify itself before the Central Government. During the financial year of 2014-15, the total receipt on account of excise is Rs 4.91 crore.

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4. Officials in the State Finance Department accused the Finance Ministry at the Central Government of delaying allocation of funds to the state.

With the introduction of the Mizoram Liquor (Control and Prohibition) Act, 2014 an estimated excise receipt of Rs 35.68 crore had been expected during the financial year of 2015-16.

A decision has been taken by the State Government recently to revise the existing rate of VAT on various tobacco products including cigarettes, cigars, cigarillos from 20% to 30% and additional revenue of Rs 1.50 crore was expected by the Finance Minister of Mizoram during 2015-16. Moreover, the Mizoram Entry Tax Draft Bill 2015 recently passed in the house has been actively pursued for its actual implementation. From this effort a certain amount of additional revenue was also expected. Under the Department of Land Revenue and Settlement there is an active effort to bring out a new system to increase collection of taxes on account of registration fees and stamp duties in the state, which has been considered to hold great revenue potential for the state. The Mizoram Registration Rules 2015<sup>5</sup> is being prepared and from this effort an additional receipt of Rs 5 crore was expected during 2015-16 financial year.

The State Government also felt the need to augment the receipt from state's own non-tax revenue, especially tariffs on power and water by effecting regular and gradual growth in the rates rather than imposing a quantum leap on tariff rates. The revision and fixation of tariff rates is done by the Joint Electricity Regulatory Commission (JERC) for Manipur and Mizoram as per the Multi-year Tariff Regulations 2014. As the present tariff structure of Mizoram is less than that of other North Eastern States, it is imperative that the State Government, at least, be at par with other North East States so that the overall resources of the state can be improved.

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5. The Mizoram Registration Rules 2015 are being prepared under section 69 of the Registration Act 1908

Finance Minister of the state had also mentioned in his budget speech of 2015-16 that the main criterion for assessing the state's fiscal health with regard to the liabilities is the Gross State Domestic Product (GSDP). In the table number 3.3, liabilities of the State Government of Mizoram as a percentage from the GSDP with recommended targets of liabilities for Mizoram by the Thirteenth Finance Commission (TFC) is highlighted.

Table no. 3.3

**Liabilities of Mizoram as a percentage of GSDP during 2012-15**

<b>Financial year</b>	<b>TFC's recommended percentage of GSDP</b>	<b>Liabilities in crore of rupees</b>	<b>Actuals as percentage of GSDP</b>
2012-13(Actuals)	82.9%	5114.20	63.51%
2013-14(Actuals)	79.2%	5068.47	54.47%
2014-15(RE)	74.8%	5863.71	46.91%

Source: Finance Minister, Government of Mizoram, Budget Speech for 2015-16 on 9<sup>th</sup> October 2015 in the Mizoram State Legislative Assembly.

From this table it can be said that Mizoram was below the recommended percentage of GSDP by the TFC in liability and there is a declining trend in the liabilities of the state as a percentage of GSDP. Finance Minister also mentioned that during the financial year of 2015-16, the total amount of the state's liabilities is estimated at Rs 6260.20 crore which stands at 44.07% of the projected GSDP of Rs 14204 crore.

Here in table number 3.4, money borrowed from the Reserve Bank of India through the Ways and Means (WAM) and the Special Ways and Means (SWAM) by Mizoram state to meet mismatches in the budget are highlighted.

Table no.3.4

**Money Borrowed from RBI through WAM and SWAM during 2012-15**

<b>Ways and Means</b>		
Year	Number of borrows	Amount
2012-2013	2	Rs 73,02,00,000
2013-2014	25	Rs 2,66,17,00,000
2014-2015	30	Rs 2,83,93,00,000
<b>Special Ways and Means</b>		
Year	Number of borrows	Amount
2012-2013	4	Rs 93,56,00,000
2013-2014	37	Rs 3,01,23,00,000
2015-2015	30	Rs 3,13,71,00,000

Source : Vanglaini (Mizo Daily News). Dt. 9<sup>th</sup> December 2014.

To improve financial condition, State Government also takes some major efforts for austerity in Government spending. An Office Memorandum<sup>6</sup> spelling out detailed directives on economy in spending and resources mobilisation for strict compliances by all government department and autonomous bodies under the State Government. Moreover, the State Government in its endeavour to have better economy in spending revised the system of food trading by raising selling prices of rice to the public from Rs 9.50 to Rs 15 per kilogram. Very recently, the State Government had to take a hard decision on the management of the State's Public Sector Enterprises. The three sick PSEs namely ZENICS, ZOHANCO and MAMCO are decided to be closed down and ZIDCO and MIFCO are recommended to be restructured and privatised respectively. For regular employees of these PSEs, the Mizoram State Public Enterprise (Early retirement) Rules 2015 have been notified and the

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6. It was issued in December 2014 from the Chief Minister Office.

implementation of the decision of the Government on the matter is expected to be completed during 2015-16. State Government announced 2015-16 as 'The Year of Consolidation' and the State Government aims to bring the state on a firm financial footing by not venturing on high and new developmental agenda. Instead, the efforts of the government will be to concentrate more on priority and thrust areas and at the same time to dissolve state liabilities to the lowest extent possible with the available resources.

All these measures, official visits to Delhi, austerity measures and efforts to increase state revenue resources especially state's tax and non-tax revenue, are carried out by the state government mainly for the improvement of the state finance. In addition to this main reason, there can be compulsion from the Central Government as Prime Minister advocated Competitive and Co-operative Federalism in which every state is given more financial autonomy and in return expected to be able to rely lesser on the centre financially

### **Initiatives taken by Central Government to improve relations with the state**

In his letter to all the Chief Ministers of Indian States on 24<sup>th</sup> February 2015, the Prime Minister Narendra Modi said that the Centre had accepted the Fourteenth Finance Commission recommendation which will help strengthen federal spirit of the country. He also mentioned in the letter that state government would have greater freedom in developmental work and for that matter financial assistance should be given to the states. He reiterated that strong states means strong centre in India. Even if Central Government would lose financially if it accepts FFC recommendations, it would still pursue, he said.

Although the FFC recommendations are accepted, there were severe oppositions and submission of Joint Memorandum against changing of funding pattern which runs against the interest of Special Category States including Mizoram. After deliberate consideration, Union Ministry of Finance sent information to Secretaries of State Governments about sharing

pattern on 28<sup>th</sup> October 2015. For a larger number of CSSs<sup>7</sup>, 90:10 funding pattern will be continued for the NE states and Himalayan region states. In some central schemes, States Government will have the authority to pursue or not. In these schemes 80:20 funding pattern will be followed for the NE states and Himalayan region and for the rest of the state 50:50 will be followed. Again on 16<sup>th</sup> November 2015 at the North East Connectivity Summit in Shillong, Bibek Debroy, member of NITI Aayog announced that the Special Plan Assistance (SPA) under Normal Central Assistance for the NE states will be continued and adding that these states will be under the Special Category Status as before.

On 21<sup>st</sup> August 2014, the North East Chief Ministers meeting was held at Assam administrative Staff College, Guwahati in the presence of the DoNER Minister V.K. Singh. Chief Minister of Mizoram Lalthanhawla also attended the meeting and he informed about the needs and problems of Mizoram to the Minister. The DoNER minister said at the occasion that meeting was held in the North East itself to examine the needs and conditions of the NE states. Prime Minister Modi<sup>8</sup> said that for development of the country there must be good co-operation between central government and different states. Central must consider the views and opinions of the states and joint effort is needed to implement development schemes. He announced that strong state will lead to strong India. He added that earlier there used to be conflict between centre and states, this wrong system must be substituted by team work. Prime Minister also said that even though Chief Ministers belong to different parties, union is one and united efforts will lead to development.

Beijing Conference was held on 30<sup>th</sup> October 2014 for peace in Afghanistan. On this occasion V.K. Singh, the DoNER minister said that development projects in the NE region

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7. In these schemes, 60:40 funding pattern will be followed for the remaining states.

8. In the inauguration function of Food Park at Tumkur, Karnataka on 24<sup>th</sup> September 2014.

should be pursued in a faster manner, railways and airways projects in the region should also be developed and modernised as fast as possible. After the BJP came into power at the centre railway budget for NE was increased to 58% and efforts are made for better transportation in the region.

Narendra Modi, when he became Prime Minister emphasised on the development of North East states and asked eight Union Ministers to go to the NE in an interval of two weeks. He asked his ministers to go and see the situation in the state rather than make planning from Delhi. As a result, various Union Ministers and officials visited Mizoram from time to time and held talks with the State Government ministers and high ranking officials on the issues of their respective concerns. These visits paved the way for deeper understanding of the situation in the state and for closer relations between centre and Mizoram. Union Ministers and important Officials who visited the state and discussed the issues thereon in a chronological order are as follows:

(1) Jitendra Singh, the DoNER Minister had a discussion with the State Government officials at State Guest House on 15<sup>th</sup> April 2015. In this meeting he said that development of the NE states is one of the first priorities of Prime Minister and the DoNER Ministry will do its best for that purpose. Earlier, the NE states must go to Delhi but now the DoNER will go to NE to help them solve their problems and eight Union Ministers will visit the NE states in an interval of two weeks as Prime Minister's wish, he added.

(2) Mizoram was visited by Amit Shah, President of BJP, on 16<sup>th</sup> April 2015, a public meeting was held at Vanapa hall, Aizawl. He invited people of Mizoram to co-operate with BJP for development of Mizoram and centre allotted Rs 1200 crore for development of youth in Mizoram. Amit Shah was met by Mizoram Kohhran Hruaitute Committee (Joint body of different Christian denomination) to request him to make effort to stop violence against



Christians and not to organise government function on important Christian holiday. As per decision made in the Union Cabinet Meeting, Union Cabinet Ministers will go to the North East and study developmental needs there and it will not be necessary to go to Delhi for NE states.

(3) Secretary of the DoNER landed in Mizoram to stay here for three days on 12<sup>th</sup> May 2015 and met State Chief Minister Lalthanhawla. He also had discussion with State officials about organic farming.

(4) On 20<sup>th</sup> May 2015, Union Minister of State for Human Resources Development Jairam Ramesh visited Mizoram. He made this visit as per recommendation of Prime Minister to Union Minister to visit the NE region to inspect what development had been carried out under their respective Ministry.

(5) On 26<sup>th</sup> May 2015 Union Minister of State for Home Affairs Kiren Riju visited Mizoram. He said that Union Government had taken steps for the safety of the NE people and also talked about Bru refugee in Tripura.

(6) Union Minister of State for Panchayati Raj, Nihalchand Meghwal was in Mizoram on 16<sup>th</sup> June 2015. He met state LAD Minister Lalthanliana and asked him to prepare project for development and submitted to the Central Government. A promised was given that those projects will be dealt by him as necessary. Strengthening of State Government and devolution of more power to them to be able to function independently is the aim of Central Government he said.

(7) Union Textile Minister Gangwar inaugurated Weavers' Service Centre and Garment Manufacturing Centre here in Aizawl on 3<sup>rd</sup> July 2015. On the occasion he said that, it is the desire of Prime Minister to make the NE state developed and self-sufficient in weaving.

(8) Dr. Sanjeev Kumar Balya, Union Minister of State for Agriculture landed in Mizoram for two days visit on 17<sup>th</sup> August 2015. He made some important statements like 50:50 funding pattern will be reconsidered, sufficient financial assistance is earmarked for agriculture development in the NE and states are advised to prepare project for that. Central Government objective is to develop the Food Processing Industry in the NE and to provide better transportation for easier market in agricultural products.

(9) Bandaru Dattatreya, Union Minister of State (independent charge) for Labour & Employment announced that Employees' State Insurance Corporation (ESIC) for workers' security and safety in health related matters will be established when he visited Mizoram on 7<sup>th</sup> October 2015. He also declared that an office will be set up to deal with the Employment Provident Fund (EPF) and there are more than 5000 people who are covered by EPF at present in Mizoram.

(10) In the month of October 2015, Ram Madhav, BJP National General Secretary (NE in-charge) at the North East Festival said that due to psychological and physical gap between the NE region states and other states of India, the NE lagged behind the other states of India in development. Central Government would take measures to bridge this gap and he concluded that without development in North East, India cannot be fully developed.

(11) The DoNER Minister Jitendra Singh said that the DoNER Ministry will prepare project to make Mizoram "Bamboo State of India" when he visited the state on 23<sup>rd</sup> November 2015.

(12) Union Minister of State for Environment, Forestry and Climate Change (independent charge), Prakash Javadekar inaugurated a newly constructed building of State Forest Training Institute (SFTI) on 9<sup>th</sup> January 2016 and also called on Chief Minister and Governor of Mizoram.

(13) The NITI Aayog member Ramesh Chand said that Mizoram needs to utilise central schemes and policy effectively. He also met Chief Minister of Mizoram at his bungalow on 22<sup>nd</sup> April 2016.

(14) Indian Ambassador to Philipines Lalduhthlana Ralte, IFS and Indian High Commissioner to Malawi Vanlalhuma, IFS called on Industries Minister of Mizoram H. Rohluna, Home Minister R. Lalzirliana and Chief Secretary of Mizoram Lalmalsawma, IAS at the latters' offices on 2<sup>nd</sup> June 2016 and discussed with them over better co-operation between Ministry of External Affairs and Mizoram state. The two visiting Ambassadors first called on H. Rohluna and told him that they are visiting the state as per the wishes of Prime Minister for better relation between Ministry of External Affairs and Mizoram.

(15) Two Union Ministers, Santosh Kumar, Minister of State for Textile (independent charge) and Niranjana Jyoti, Minister of State for Food Processing visited Mizoram on 3<sup>rd</sup> June 2016. Prime Minister had a great concern for the NE states development, every corner of India must develop to make greater and stronger India and for that every ministry work for the region both the visiting ministers said. Under the Textile ministry Rs20 crore had been spent for Mizoram Industrial Growth Centre and the ministry had also made an effort to generate employment opportunities in the state as much as possible so that Mizo youth need not go outside the state in search of job. He also said that he would do whatever possible for Mizoram under his ministry. The next day Santosh Kumar inaugurated an Apparel and the Garment Making Centre and delivered a speech saying that Central Government policy "Make in India" will provide employment opportunities to Mizo youth. He added that Central Government assented to six proposals for developmental projects in Mizoram which will cost a sum of Rs 114.82 crore and for these schemes Central will give to the state Rs 102.96 crore and the rest will be matched by State Government and the State Government will also be responsible for making proper detailed plan for efficient utilisation of these money.

(16) Radha Mohan Singh, Union Agriculture and Farmers Welfare Minister had a meeting with state officers in the departments of Horticulture, Agriculture and Fisheries and reviewed development work and disposal of money by these departments<sup>9</sup>. He urged state officers to work for the benefit of farmers and to implement welfare programme for farmers prepared by Central Government. Ministers highlighted and appreciated development work in Mizoram under Central Government. And, Health Mela organised by Department of AYUSH, repairing work of Serchhip to Buarpui road under DoNER ministry, projects carried out in Aizawl, Serchhip and Kolasib under Swach Bharat and creation of 2078 health worker post under National Health Mission.

(17) Anil Madhav Dave, Union Minister of State for Environment, Forest and Climate Change (independent charge) visited Mizoram on 27<sup>th</sup> September and this is his first official visit to Indian state after he became Union Minister. He met Chief Minister and Governor of Mizoram. All the Forest Clearance applied by Mizoram for development works are given by the Ministry he said and if not, it means there are some mistakes in the project.

(18) Union Minister of State for Human Resources Development (independent charge) Dr.Mahendra Nath Pandey visited Mizoram on 28<sup>th</sup> October 2016 and had meeting with Governor and Higher and Technical Education Officials. Pandey said that development of NE states was the prime concern of Prime Minister and Central Ministers are informed to visit the region as frequent as possible. He told the State Governor that Mizoram needs referred to him should be dealt with as fast as possible.

These official visits and meetings therein by Union Ministers and important officials paved the way for closer and friendly relations between State and Union Government. But to

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9. The meeting was held at the Mizoram State Guest House on 19<sup>th</sup> June, 2016

make judgement of the success of these visits and meeting, it is too early and one needs to wait for things and time to come to judge the success or failure. At present most of the projects and plans are in the initial stage but it is obvious that State Government is feeling contented with how Central Government had given treatment. Central Ministers and Officials also on their part had shown a very good care to the state.

### **Perceptions on Centre-State Relations**

Lallianchhunga<sup>10</sup> said that there is no discrimination in the distribution of funds among the states as Central Government follows well defined criteria. He prophesised that BJP at the centre may choose target community like Bru and other, to consolidate themselves in Mizoram. In the Christian-dominated state like Mizoram they may not popularise their religion but by using development as bait they will ask people to make comparison between BJP and Indian National Congress. Increase of various rate of tax and early acceptance of Goods and Services Tax by the State Government may mean conformity with Central directives and also to be able to hold their heads high before Central Government.

L.N. Tochhawng<sup>11</sup>, Finance Commissioner of Mizoram mentioned that as the Central follows the 14<sup>th</sup> Finance Commission Recommendation there is no problem for Mizoram with regard to the Grants-in-aid and the state also received money for the Centrally Sponsored Schemes regularly. But due to delay in submission of Utilisation Certificate by the state departments sometimes funds cannot be received timely. Answering the question of can

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10. An interview with Lallianchhunga, a noted political analysis in the state, who is an Assistant Professor in the Department of Political Science, Mizoram University was conducted by the writer on 25<sup>th</sup> October 2016.

11. On 26<sup>th</sup> October an interview was conducted by the writer with L.N. Tochhawng Indian Civil Account Services (ICAS), Finance Commissioner, Government of Mizoram at the latter's office at Secretariat.

there be a party politics behind all the development policy under Central Government she replied that it was too early to make an analysis of the secret policy as such.

The Finance Minister<sup>12</sup> of Mizoram said that there was no problem for State Government when there was frequent change of Governor and said that unless Governor misbehave gravely they are all acceptable. He also said that due to changing of ruling party at Union Level the state did not face problems in Funds and grants-in-aid and the relations of Mizoram Government with Central Government is very good. There is nothing to fear for Mizoram even if BJP had ruled at the centre. Even if had BJP played party politics through development policy, as Mizoram is Christian state, BJP could not have desired much advantage here in Mizoram, he said.

## **Conclusion**

What is obvious from this chapter is that there are no any major changes in Mizoram state relations with the Central Government after regime changes at the centre that are running against the interest of the state explicitly or implicitly. When INC was ruling at the centre, they were not interfering too much in the state affairs but only election campaign and supportive attitude to the state. But after Modi Government came into power at the centre Union Ministers of different ministry frequently visited the state as recommended by Prime Minister Modi. Competitive and Co-operative Federalism is the main theme of Modi in centre-state relations and in pursuance of this policy efforts are made to devolve the financial autonomy to the state. Acceptance of the 14<sup>th</sup> Finance Commission Recommendation to increase States' share in shareable tax from 32% to 42% is an explicit initiatives of the Union Government.

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12. The writer of this thesis also had an interview with Lalsawta, Finance Minister of Mizoram at his office on 26<sup>th</sup> October 2016.

As Mizoram is a resource-lacked state, it has to depend on Central Assistance. State revenue receipt and capital receipt are sometimes inadequate to cover State expenditure. This increase in the money required to be borrowed by the state upon the security of the consolidated fund of the state through various sources like RBI, Financial institution at market rate and Central Government. After BJP Government came into power Mizoram also tried to collect much more money through increasing of tax rate and enactment of new Act for tax collection.

Both the state and Central Governments take initiatives to improve relations for the development of Mizoram. Visits and counter-visits have been taken place from time to time. The state did not have problems with Central Government regarding the grants-in-aid. There are only some minor discontentments on various issues as mentioned earlier. State leaders like Chief Minister, Finance Minister and bureaucrats also expressed satisfaction on how the centre treated the state in the present condition.

## CHAPTER – V

### Conclusion

The centre–state relations in India has been a burning topic at all times. Being a federal country, there are 29 states in India including the newly created Telengana. Right from the beginning when free India had become a Republic state with a separate constitution of its own in 1949, our federal system has been spiralling with controversies and debates. Over the concept and essence of our federal system, some scholars and experts in the field of constitution tried to put the best definition such as “Quasi Federal” by K.C. Wheare, “Bargaining Federalism” by Morris Jones, “Extremely Federalism” by Paul Appleby and “Co-operative Federalism” Granville Austine. Due to the circumstances that surrounded India when she became independent, framers of the constitution felt the necessity of a strong Union of India which would be strong enough to liquidate centrifugal forces. Therefore, the Union Government was vested with more powers in the constitution.

From time to time problems were soaring up in the centre-state relations and recommendations and documents have been published by the states and commissions set up by the Centre. Books and articles concerning the Federal System in India have also been published in great number. Till date there cannot be a firm settlement of this issue. But there have never been a research work concerning Mizoram relations with the Union Government except an M.phil thesis on the topic of “Centre-State Financial Relationship with reference to Mizoram”. But this thesis is confined to the financial sphere only. Nature, history, changes that occurred with the changing of political system in Mizoram, political relations, interconnectedness of financial relations with the political relations, Article 356 in Mizoram and the role of Governor and most importantly a comparative study of regime change at the centre and its implications have been studied. A trail can be found in many works but lying on various book and topics that needs to be collected and arranged so that a right perception on Mizoram relations with Union Government can be framed.



The existing literature on centre-state relations written mainly by mainland writers focussed their lens on the more developed and bigger states in mainland India. Poor and small states like Mizoram cannot be covered in an in-depth manner by the existing literature. That is why this theses is very important not only for Mizoram but for other states under Special Category.

In this work an introduction, review of literature, statement of the problem, objectives, research questions, methodology and tentative chapterisations are included in chapter one. An analysis of Mizoram relations with the outside world is made in chapter two. Relations with outside people had started since long time i.e., pre-British era. Mizo due to their ferocious activities on the British subjects became an eyesore for the authorities. The Lushai Expedition of 1889-1890 put Mizoram under the British rule. From then on, Mizoram was ruled by British under the Assam Province till Indian Independence in 1947. After Independence, Mizoram was under the administration of India under Assam State Government as District Council, it was elevated to the status of Union Territory in 1972 under the North Eastern Areas Reorganisation Act 1971. Finally on 20<sup>th</sup> February 1987, it became a full-fledged state and it was 23<sup>rd</sup> state of the Indian union. This chapter deals with the historical perspectives on centre-state relations in chronological order, the main aspects brought forth by the changing political, economic and social circumstances on relations. It deals with the specific case of Mizoram, different developmental stages from the pre-British and British era, transitional period, District Council period to the Union Territory and lastly to the statehood period. General perspectives on its relations with the Union Government in these three different stages are analysed.

Chapter three is devoted to analysis of Mizoram relations with Union Government on three important issues i.e, financial issues, Governor and Article 356. Financial dependency of Mizoram right from the District Council period till statehood and its implications, inter-

relations of politics and economy, how the Article 356 worked out in Mizoram and the reasons for imposing it thrice in Mizoram, problems faced by Mizoram with regard to the appointment of Governor and response by the state through the NGOs and not the state government are covered by chapter three. The prospects of relations as a whole is determined by inter-related and inter-connected events and issues in three institutional mechanisms such as the Governor, Article 356 and financial condition in the state.

Chapter four consists of issues and events coming into the Mizoram relations with the Union Government before and after the Lok Sabha Election of 2014. This election changed party politics at the Union level. An analysis was made to understand the initiatives taken by the State Government of Mizoram to have better relations with the Union Government that was no longer governed by its mother party. On the other hand, the Union Government also made an effort to improve the centre-state relations under the purview of what Modi called 'Competitive and Co-operative Federalism' as was observed in chapter four. This chapter also highlighted some minor difficulties occurred in the Mizoram relationship with Union Government. The opinions of politician, bureaucrat and academician on the subject are also highlighted.

## **Findings**

Although Mizoram relations with outside people had started in pre-British era, her relations with Union Government directly started in 1972 when Mizoram became Union Territory. Due to absence of written historical account it is not possible to give a certain date and year of when relations had begun. Mizo had certain relations with outside people living around the present Mizoram states and regions like Cachar, Chittagong, Tipperah and Manipur. Trade relation in a small-scale was performed with these tribes. But during this period raids had been taken place often in their relations. Mizo people often looted their neighbouring people. British occupied plain areas of the NE after Treaty of Yandaboo 1826.

Mizo continued to carry out many raids on the British subjects. At the initial stage, British followed conciliatory measures in their relations with the Mizo, knowing the fact that occupation of the hill area would not be economically profitable and due to the ferocious attitude of the inhabitants, British administrators decided to leave them alone as far as possible. But with the passage of time, due to repeated raids on the British subjects and futility of British isolationist policy towards Mizo, the first expedition known as 'Blackwood Expedition' was undertaken against Mizo in 1844. This expedition was carried out against the chief Lalsuaka in retaliation of his attack on Kachabari village in Manipur on 16<sup>th</sup> April 1844. Another expedition 'Lister Expedition' was sent in 1849, but the British did not intend to settle in the Mizo hills. The Lushai Expedition of 1871 was again carried out to punish the Lushai chiefs but this also could not stop ferocious activities of the Lushai on the plains people. Finally, the Lushai Expedition of 1889-1890 was undertaken to permanently occupy the Lushai hills. The Lushai hills was put under Assam Province in 1898 and governed by the Superintendent with its headquarter at Aizawl.

The Government of India Act 1919 declared the Lushai hills as 'Backward area', and the Government of India Act 1935 put the district under the category of 'Excluded Area'. So, during this period normal administration as practised in other parts of the country was impracticable in the Lushai hills due to backwardness of the district and lack of competent and appropriate political institution necessary for the purpose. The district did not have any representatives in the Assam Legislative Assembly. It was governed by the Governor of Assam through the District Superintendent till India's independence. This period can be described as the period of 'Politically dormant stage' in the Lushai relations with outside. On the other hand the relations between the district and provincial government can be dubbed as 'one way traffic' or 'down ward process' as the district did not have an agent to represent their interests and demands to the higher authority.

As the day for independence was approaching, there were controversies over the future of Mizoram. Joining Burma, remain independent state and joining India are three debated issues. But the largest number of Mizo people decided to remain under India. Lushai hills district became an Autonomous District Council under the Assam State Government in 1952 and her relations with the Government of India had started from this day indirectly.

But during those days union Government never directly interfered in the District Council affairs, it was the Assam State Government which played a pivotal role in the district affairs. Relations with the Assam State Government was characterised by tension and lack of trust towards each other. Mautam famine of 1959 and the step-motherly treatment of the State Government and the Assam Official Language Act 1961 and its imposition in all the District Councils under Assam were responsible for deteriorating relations.

The Mizo District Council was totally depended on financial grants from the state government and as there was no provision of direct financial approach to the centre for District Council, MDC was economically backward and this enraged the Mizo people. During this period the Mizo Union was the only active and dominant political party in Mizoram. At the centre Indian National Congress dominated Indian political system. Thus it was about relations between these two parties.

The MDC on its turn did not perform very well with regard to revenue collection. While the revenue collection of MDC was just a meagre resource, the expenditure side was increasing higher and higher and the State Government of Assam was running in deficit for the administration of District Council.

In 1972, Mizoram was granted UT status, but during this time Mizoram was under insurgency movement of MNF. Mizoram was under the direct control of Union Government. Relations between the two political set up was characterised by counter insurgency measures

by Union Government and measures adopted by Mizoram UT for restoration of peace and normalcy. Mizoram UT Government sometimes played a mediatory role between the Union Government and the MNF insurgents. In comparison to District Council period, there was more direct contact with the Union Government. Amount of financial assistance was also increased heavily during the UT period. Central Congress leaders also interfered directly in the UT politics as one sees from the role of Indira Gandhi in the merger of MU with UT Congress in 1974.

One of the remarkable features which differentiated the relations between Mizoram UT and Central Government from the District Council period was about more financial assistance to the UT Government from the centre. During the entire District Council period the total planned expenditure amounted to Rs 11crore but during the UT period it grew rapidly. The planned expenditure in 1972 was amounted to Rs 4.43 crore and it swelled to Rs 60.12 crore in 1986-87. It is evident from the fact that there was no more complaint against the Central Government and many developmental works had been carried out. Economic development gradually relaxed the existing strained relations between centre and UT.

During the UT period, number of political parties also increased. The MPC and the MNF were gaining strength and became popular among the people. Thus, relations between the Union Government and the UT was not a mere bi-party relations, it was then multi-party relationship. In the centre also, not only INC formed government but other parties like the Janata party came into power. Influence of Central Government was growing in degree as one found evidence from the fact that when Janata party came into power at the centre in 1977, dissident Congress leaders from Mizoram UT formed the Mizoram Janata party with the hope that they might derive benefits from the Janata Government at the centre.

Thus, from 1972-1987, when Mizoram was put under UT administration there could not be normal relations between UT and Central Government as the MNF insurgency and

counter insurgency measures prevailed in Mizoram. However, there were many new characteristics in the relations in comparison to MDC period. There was a huge jump in the amount of financial assistance from the Centre to the UT. Two parties, viz. Mizo Union and INC were engaged in the relations. MNF and MPC had emerged and also at the centre, INC lost its power and Janata party came into power in 1977 Lok Sabha Election and the relations between Mizoram UT and Central Government could not be bi-party relations, it was characterised by Multi-party relations.

Finally on 30<sup>th</sup> June 1986, a historic Peace Accord was signed between MNF and Government of India. This accord was signed partly due to a cordial relationship between Mizoram UT Government and Union Government. Insurgency was prolonged by MPC's denial of Laldenga's plea to become Chief Minister in the interim government before coming over ground. But Congress ministry at the UT under Lalthanhawla chief ministership decided to make way for MNF for restoration of peace and normalcy in Mizoram. Cordial relations and understanding between the same party at the UT and Union level paved the way for this accord in 1986 and as a result, Mizoram became a full-fledged state on 20<sup>th</sup> February 1987.

After Mizoram was elevated to State, the relations between state and Union Government was mainly about fulfilment of Central Government's promises to the state of Mizoram that were highlighted in the accord. To a large extent, it can be described as the "Central Appeasement Policy" to consolidate its sway over the Mizo people. Central Government helped the State Government to make the terms and conditions in the accord a reality. Arrangements were made to pay ex-gratia amount to heirs or dependents of persons who were killed during disturbances, payment of compensation in respect of damage to crops, buildings destroyed or damage during the insurgency in Mizoram and rental charges of buildings and lands occupied by the security forces. Union Government also followed the agreement in the accord not to remove the Inner Line Regulations without consulting the

State Government of Mizoram. As a result, this regulation is still enforced in the state today. Besides, a separate university for the state was established in 2001. But the promise of High Court for Mizoram has been still not implemented. Financial assistance from the Central was also increased to sustain developmental works in Mizoram.

Due to important role played by Governor in the state, especially those who are politically tainted in India, the appointments, roles and postings of Governor used to be a burning topic. When Mizoram was elevated to the UT status it was given a post of Lt. Governor and S.P. Mukherjee was the first Lt. Governor of Mizoram. Mizoram had six Lt. Governors during UT period. After it attained Statehood in 1987 there are seventeen Governors including the incumbent one Gen. Nirbhay Sharma in Mizoram. In Mizoram there have never been a case of strained relations between Governor and State Government. It is proved by the fact that no bill was denied assent to by the Governor which was already passed by the state legislatures. Moreover, the Article 356 had been imposed thrice in Mizoram 1977, 1978 and 1988. In these cases, it was not due to Governor's role but due to dissensions and defection within the ruling parties that state emergencies were imposed.

An embarrassing incident had been happened after the Lok Sabha Election of 2014. This election resulted to the coming of BJP into power at the centre. The newly formed NDA Government had transferred Governor of Mizoram Vakom B. Purusothaman and later he resigned from the post. He was replaced by Kamla Beniwal in July 2014. Later on Beniwal was also sacked from the post in August 2014. Then Mizoram was put under an additional charge of Governor of Manipur V.K. Duggal during 8<sup>th</sup> August 2014 to 16<sup>th</sup> September 2014. From 16<sup>th</sup> September 2014 to 8<sup>th</sup> January 2015 Mizoram was put again under an additional charge of K.K. Paul, Governor of Meghalaya. Aziz Qureshi was appointed Governor of Mizoram on 9<sup>th</sup> January 2015. But he holds this post for three months and resigned on 28<sup>th</sup> March 2015. After resignation of Qureshi, the post of Governor had fallen vacant till 3<sup>rd</sup> April

2015. Again on 4<sup>th</sup> April 2015 Modi made K.N. Tripathi to take additional charge of Governor of Mizoram and he held this post till 25<sup>th</sup> May 2015. After Tripathi left, retired army personnel, Lt. Gen. Nirbhay Sharma was appointed as the Governor of Mizoram on 26<sup>th</sup> May 2015 and he holds office till today.

Mizoram State Government had no problems with the BJP Government at the Centre with regard to frequent changes of Governors even though it takes it as an insult to Mizoram and its people. Finance Minister of Mizoram, Lalsawta said that the State Government can accept all the appointed Governors by the centre unless they are misbehaving in a serious case. Different NGOs in the state make uproar against the BJP's decision, but the State Government of Mizoram keeps quiet on the issue.

This is not a battle between Union Government and Government of Mizoram, but between the BJP Government and those Governors appointed by the INC when they were in power at the centre. This is evident from the fact that those Governors resigned and sacked from the post are politically tainted men who belonged to INC.

Vakkom B. Purusothaman used to serve as President of the District Congress Committee at Thiruvananthapuram and the General Secretary and Vice President of the Kerala Pradesh Congress Committee and he had also been a member of AICC for over 25 years. He used to be a leading politician in Kerala in the 1970s and 1980s. He was elected to Kerala Legislative Assembly in 1970, 1977, 1980 and 1982 from Attingal Constituency. Such a veteran Congress leader became the first victim of regime change at the centre among the Governors of Mizoram.

In the case of Kamla Beniwal, she is a politician who has an affiliation to INC. Her transfer from the Governor of Gujarat to Mizoram can be regarded as punishment by the BJP Government at the centre. She was appointed Governor of Gujarat by INC. When she served



as Governor of Gujarat there used to be tension with Gujarat State Government under Chief Minister Narendra Modi. She along with many former congress ministers and politicians from Rajasthan had been accused that they were allocated expensive land at low prices on the basis of false affidavit and document in Jaipur Development Authority Area which was known as the Jaipur Land Scam. She also had very strained relations with Modi with regard to the appointment of Lok Ayukta. The State Government of Gujarat even went to the extent of filing case to the Supreme Court. Kamla Beniwal bypassed Modi Government which had been sitting on the matter since 2004. The unilateral action of the Governor was challenged in the Gujarat High Court by the State Government. On 18<sup>th</sup> January 2012, Lok Ayukta appointment was upheld by the court. Next day, State Government further appealed to Supreme Court by filing a special leave petitions. Many supporters of BJP in the Gujarat state may not be surprised when the news about transfer of Kamla Beniwal to Mizoram came. INC called this transfer as “Political Vendetta”.

Aziz Qureshi, incumbent Governor of Uttarakhand was transferred to Mizoram on 9<sup>th</sup> January 2015. He was also appointed Governor of Uttarakhand by INC during their tenure at the centre. Qureshi was involved in a serious tension with BJP during his tenure in Uttarakhand over the issue of cow slaughter. In his case file appealed to the Supreme Court Qureshi accused Home Secretary, Anil Goswami of forcing him to resign from Governor Office.

From the above discussion it is obvious that frequent change of governors in Mizoram was a battle between INC and BJP. Those governors who had filled the post in Mizoram, including the present one Nirbhay Sharma, other than these three above mentioned governors were former civil servants with no political colour and there was no tension between them and the Union Government. Had the recommendations made by the Administrative Reforms

Commission (1966) been followed, this kind of problem might not have happened in Mizoram and also in other states of India, perhaps.

President's rule in the state under Article 356 has also been one of the burning topics in India's federalism since independence till today. In Mizoram this article had been enforced three times, but Mizoram cases are different from the experienced of other states. One can also say that there had never been political agenda behind the impositions of President's Rule in Mizoram. The first one was imposed due to resignation of Chief Minister of Mizoram Ch. Chhunga as his tenure was over<sup>1</sup>. The second one was imposed during the People's Conference Ministry. There was an internal dissension among the MLA of the PC ministry under Brig. T. Sailo on the issues of the attitude of CM and distribution of portfolios. Eight MLAs in the PC Ministry had decided to withdraw support to the PC ministry and this reduced the ruling party into a minority<sup>2</sup>. As a result, President's rule was imposed on 10<sup>th</sup> November 1978. Fresh election was conducted on 24<sup>th</sup> and 27<sup>th</sup> April 1978, T. Sailo's party won again in this election and President's rule was revoked on 8<sup>th</sup> May 1979.

On 7<sup>th</sup> September 1988, after Mizoram became a state, the President's rule was imposed in Mizoram. Like the second one, in this time also, problems within the MNF ministry and defection by eight MLAs that follows resulted in the loss of majority by the ruling MNF party. The defected MLAs joined hands with the state Congress (I) and formed the United Legislature Party. Both fronts i.e., MNF and United Legislature Party tried to make government. After careful examination of the situation, Governor of Mizoram Hiteswar Saikia decided that there could not be stable government either MNF or United Legislature Party formed a ministry and recommended to President of India to put Mizoram under

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1. It was imposed on 11<sup>th</sup> May 1977 and lasted till 1<sup>st</sup> June 1978.

2. The then CM of Mizoram UT Government T. Sailo met Morarji Desai when the latter visit Aizawl on 7<sup>th</sup> November 1978 and asked him to put Mizoram under President's rule.

President's Rule. After a mid-term poll was conducted on 21<sup>st</sup> January 1989 in which Congress (I) won, President's Rule was revoked on 24<sup>th</sup> January 1989.

From the above analysis of these three state emergencies in Mizoram, it is cleared that none of these emergencies are imposed due to tension between UT/state government and central government and there was no misuse of power by the Lt. Governor/ Governor of Mizoram in these cases.

In the pre-British days, Mizo people were self-sufficient in food and other daily needs. Due to fertility of lands and the hardworking of the people, they could sustain themselves. Besides, the system of administration was in a primitive manner and there was no development in the primitive society. When the British occupied Lushai Hills, they followed an indirect policy towards the Lushai. They retained traditional institution of chieftainship with some restrictions on their power. New occupations were coming into Mizo society. Easy means of getting livelihood by earning from business and services under government eroded egalitarian society of Mizo people and permanent land settlement was introduced for every village.

When Mizoram was put under the Assam State Government as an Autonomous District Council, it was financially dependent on the state government. Though it was given certain power to levy and collected tax in some items to supplement the cost of administration and for development works, but the revenue collected from these sources could not cover the amount of expenditure on various items. Moreover, the District Council was assigned the responsibility of establishment, construction and management of primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads and waterways in the district. But, except for meagre forest revenue, the MDC did not have any other revenue sources liker major industry, natural resources like coal and petroleum. Moreover, certain

problems like small and sparsely population and difficulty in transportation and communication hindered effective implementation of tax collection.

Due to failure of the MDC to collect sufficient tax revenue it needed to borrow from the Assam Government. Development process was adversely affected by dearth of finance. The MDC could not sanction a large amount of money on any major development projects and she had to rely on the state government to meet the expenditure incurred on development projects and establishment. The State Government also expected the MDC to supplement some of the amount for development works from her resources. During the period 1960-61 to 1964-65, all the other District Councils under Assam spent some percentage of their own revenue for development purpose varying from Rs 0.74 lakhs by the North Cachar hills, Rs. 17 lakhs by the Garo Hills, but MDC could not spend anything out of its resources for development. The entire development expenditure was met by the state government of Assam.

Thus, the State Government of Assam was not solely responsible for the economic backwardness of the MDC. The MDC authorities did not perform their duties as expected by the State Government especially in revenue collection. The total revenue receipt of the MDC during the period of 1960-64 collected from sources like land revenue, forest, markets and other others was Rs 22.29 crore. In the same period the expenditure of the MDC on various items like-establishment, education, development out of government grants and others was Rs 77.01 crore. It means that there was a huge gap between receipt and expenditure amounted to Rs 54.72 crore during this period. Though the MDC tried to improve the revenue collection year by year and also improvement was there but the increasing welfare role and increasing expenditure on office staff outpaced the increasing revenue amount received through various tax sources.

For long, the MDC was running in deficit. The amount of tax revenue collection in the year 1968-69 from various sources was Rs 414,929, but the amount of expenditure incurred on different heads in the same period was Rs 54,70,513 and there was a gap of Rs 50,55,584 between revenue receipts and expenditure. This financial dependency of the MDC on the State Government of Assam, in which not only state government was responsible but also the MDC was responsible for deteriorating their relations. The Mizo people in the hope of getting more amenities under India decided to join India as one of the District Councils of Assam. But due to inherent traditional anti-tax attitude and lack of natural resources hindered the pace of development even to the extent that the grants-in-aid from the State Government was not adequate to alleviate the economic condition of Mizoram.

After Mizoram became the UT, it had cordial and direct relations with the Union Government and also larger amount of funds from Central Government improved the relations. Though during the UT period, development could not be happened at a faster rate due to insurgency, various changes in the administrative and financial matters had greatly paved the way for the improvement of relations between Mizoram and Union Government.

In 1987, Mizoram was elevated to full-fledged state. Economic condition of Mizoram was not improved even after 20 years from 1987. But her relations with the Union Government never experienced such tense and strained relations as she had during the District Council period. Financial dependency of Mizoram on centre is acting as a bond that keeps the relations smooth. Every ministry knew the advantages of keeping good relations with the Union Government and none dare to be isolated from the centre. During the District Council period the financial dependency combined with fewer funds was the main factor responsible for strained relations with the State Government. But now financial dependency with more funds was responsible for smooth relations with the Union Government. Due to

poor economic condition, Mizoram state has no other option other than keeping cordial relations with the centre

The present ruling party i.e., Congress came into power in 2008 MLA election and it again won another victory in 2013 MLA election. At the centre, INC was defeated in 2014 Lok Sabha election by its main rival BJP. Due to the same party rule at both the centre and state level they maintained good relations with each other. Union Government did not have much interference in the state affairs before the Lok Sabha election of 2014. When BJP came into power at the centre, Mizoram State Government tried to build good relations with the Union Government. The CM of Mizoram attended the inauguration ceremony of PM Modi and said that it would be better for state congress and Mizoram when non-congress party had formed ministry at the centre. To build friendly relations with the Union Government state ministers paid visits to Delhi from time to time and discussed various topics that concerned them.

Central Government had paid due attention and good care on the problems of Mizoram and taken many steps towards the improvement of relations with Mizoram. PM Modi advocated “Competitive and Co-operative Federalism” which would help to strengthen the federal spirit of country. He also advised his ministers to go to the NE and see the situation rather than making plan from Delhi. These visits played an important role in the improvement of relations between the Union Government and Mizoram. Meanwhile, there are some minor problems over some issues but these problems were not acting as hindrances in the relations between Union Government and Mizoram.

The research questions of this thesis can be answered from the above findings as follows:

1. Whether regime change at the centre has had any adverse effect on the centre-state political relations?

The answer to this question from this finding is negative. Even though UPA Government under INC was replaced by BJP under the coalition of NDA, Mizoram State Government under Congress did not face any political problems with the Union Government. With regard to frequent change of Governor in Mizoram, it is due to the relations between BJP and INC and their appointed Governors in the state. It does not matter in relations between the Union Government and Mizoram Government relations.

2. What are the main financial implications of such changed relations?

Due to Modi's "Co-operative and Competitive Federalism" policy, states are expected to raise the state's revenues. Mizoram Government also takes some measures to improve its economy. There is no major financial implications that run against the interests of the state. Even the FFC recommendation to remove the Special Category Status was not implemented due to opposition from the NE states and the Status Quo was still followed. But financial dependency of the State Government is the main factor for developing good relations with the Union Government in the case of Mizoram as the state must conform to the words of the Union Government.

3. What are the institutional changes that could improve the Centre-State relations?

From the account of the Mizoram relations with the Union Government right from the District Council period, it appears that the financial issue had played a very big role in centre-MDC/UT/State relations. Political and economic factors are inter-related. It does not matter as to how the state government depended heavily on the Union Government, financially, if it gets more funds for development. Many of the problems can be solved if the post of

Governor was filled by those persons who have no active political involvement in any party as recommended by the Administrative Reforms Commission.

This thesis reveals that any generalisation on the centre-state relations in India cannot be applied to every state. The problems faced by more developed and populous states cannot be the same with those faced by poor and less populous state like Mizoram. With the passage of time and changing of policy by the parties, those framework set earlier are not applicable always in the study of Centre-State relations in India and new case study to examine relations is needed.



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**ABSTRACT**

**For**

**M.Phil Dissertation**

**CENTRE-STATE RELATIONS: A STUDY OF CONGRESS REGIME IN MIZORAM  
(2013-2016)**

**SUBMITTED BY**

**LALRINNGHETA**

**Registration No. MZU/M.Phil./329 of 22.04.2016**

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## **Introduction**

In any federal country there would be division of administrative, financial and political functions into two, such as between union and state governments. The degree and meaning of federalism has been differently applied in various federal countries. Thus, it is imperative in a federal country, there has to be a clear cut division of powers between the two setups of administration, which can be usually codified in the form of written constitution.

Decline of Congress after 4<sup>th</sup> General election, emergence of Regional political parties in the state, Indira Gandhi autocratic attitude and National emergency, war with neighbouring countries and the 1990s liberalisation of India economy, judicial interpretation in famous cases like S.R Bhomai case, Keshavanad Bharti case etc. all these factors had effects on the moulding and remoulding of India Constitution whether towards unitary or federation.

Political leaders in the state and those who advocated state autonomy in India are pleading for more decentralisation of power, sufficient resources transfer, security from central encroachment through Article 356 and Central Reserved Police Force. Those factors like- the process of the appointment of the executive head of the state i.e. Governors and their role as agents of the Union Government, neglected of convention according to which President Should have to consult State Chief Minister for the appointment of Governor, politicians appointed to Governor post against the recommendations made by Commissions appointed for studying centre-state relations from time to time are playing detrimental role for the state autonomy.

The centre-state relations in India can be classified into three aspects such as, one- identical, when the parties in power, both in the state and centre are the same in which relations and even tensions can be managed by the party high command. Two, congenial, when different parties, but same ideological principles, formed government in the state.

Three, hostile relations, when two parties differ in their principles and ideology which formed government at the state and centre. The above mentioned aspects, especially the first and the third one are being experienced in Mizoram since recently. The problems that one had to tackle are confined within a specific timeframe and regime context. The congress party under the leadership of Lalthanhawla emerged as the single largest regime in Mizoram general elections, held in 2013, and a stable government was formed in the state. The present congress regime in Mizoram experienced the rule of two parties at the centre viz. Indian National Congress (INC) as part of the UPA in its early days and the Bharatya Janata Party (BJP) as part of the NDA after the 2014 Lok Sabha general election in India.

The study of relationship between the state and union governments help us to understand the nature of Indian federalism, and thereby to identify the fault lines, be it political, constitutional or financial. It is useful to examine the nature of central assistance for a state to implement the welfare policies. How important the role of governor is and the expectations of the centre towards the Governor can also be seen.

### **Statement of the problem**

The congress regime in Mizoram had neither any political problem nor social tension with the Indian National Congress at the centre. Their relations were cordial and both the party leaders at union and state had maintained close relations with each other. However, with the change of government at the centre in 2014, when the INC government was replaced by the BJP under Narendra Modi leadership, there emerged certain trends in the relations between the Governments of Mizoram and Union. One of the clearest manifestations is regarding the appointment of Governor in the State. A step-motherly treatment was meted out to the state regarding the frequent change of Governors in the state.

A comparative study of these two phenomena experienced by the same regime can help one to have a better understanding of the latest trends in the relations between Mizoram and Union Governments in particular and centre-state relations in India in general.

### **Objectives**

1. To study the Mizoram Government's political relationship with the INC-led UPA regime and with the BJP-led NDA regime at the centre.
2. To examine the impact of financial grants on the state government.
3. To identify the institutional mechanism through which relations between the union and state government in Mizoram could be improved.

### **Research questions**

1. Whether the regime change at the centre has had any adverse effect on the centre-state political relations?
2. What are the main financial implications of such changed relations?
3. What are the institutional changes that could improve the centre-state relations?

### **Methodology**

As it is an empirical research, the research methods are free from personal bias and as far as possible it is value-free research. This research is based on primary and secondary sources material collected through quantitative method. Interviews with Finance Minister of Mizoram, Finance Commissioner of Mizoram and one of the senior teachers in Mizoram University are useful for collecting the requisite information. Qualitative method is also applied. Annual Financial Statements of Mizoram from time to time and records in the Mizoram Archives are also very helpful for this research.

## **Chapterisation**

The study is divided into five chapters, each dealing with different, but related sub-topics for clarification of the main theme as shown below.

Chapter one, **Introduction** contains introduction of the topic, statement of the problem, methodology, main objectives, research questions which are necessary to direct the research in a purposeful way, besides a review of literature.

Chapter two, **Centre-State Relations: Historical Backdrop** deals with the historical perspective on centre-state relations, the main aspects brought forth by the changing economic and social circumstances. It deals with the specific case of Mizoram, different developmental stages from the District Council era to the Union Territory and lastly to the Statehood period. General perspectives on its relations with the union government in these three different stages are analysed.

Chapter three, **Political and Financial Relations: Institutional Issues** is devoted to analysis of Mizoram relations with Union Government on three important issues i.e., financial issues, Governor and Article 356. Financial dependency of Mizoram right from the District Council period till statehood and its implications, inter-relations of politics and economy, how Article 356 worked out in Mizoram and the reasons for imposing it thrice in Mizoram, problems faced by Mizoram with regards to appointment of Governor and response by the state through NGOs and not the state government are covered.

Chapter four, **Centre-State Relations: Regime Change Implications** consists of issues and events coming into the Mizoram relations with Union Government before and after Lok Sabha Election of 2014. This election changed party at the Union level. An analysis was made to understand the initiatives taken by the State Government of Mizoram to have

better relations with the Union Government that is no longer governed by its mother party. On the other hand, Union Government also took an effort to improve centre-state relations under the purview of what Modi called 'Competitive and Co-operative Federalism' as we have seen in chapter four. This chapter also highlighted some minor difficulties occurred in the Mizoram relationship with Union Government. The opinions of politician, bureaucrat and academician on the subject are also highlighted.

The chapter five, **Conclusion** is about summary of study findings, besides making some concluding remarks.

## **Findings**

The Government of India Act 1919 declared the Lushai hills as 'Backward area', and the Government of India Act 1935 put the district under the category of 'Excluded Area'. So, during this period normal administration as practised in other parts of the country was impracticable in the Lushai hills due to backwardness of the district and lack of competent and appropriate political institution necessary for the purpose. The district did not have representatives in the Assam Legislative Assembly. It was governed by Governor of Assam through District Superintendent till India's independence. This period can be called as the period of 'Politically dormant stage' in the Lushai relations with outside. On the other hand the relations between the district and provincial government can be dubbed as 'one way traffic' or 'down ward process' as the district did not have an agent to represent their interests and demands to the higher authority.

Mizoram became District Council in 1952 under Assam State Government. But during those days union Government never directly interfered in the District Council affairs, it was the Assam State Government which played a pivotal role in the district affairs. Relations with the Assam State Government was characterised by tension and lack of trust

towards each other. Mautam famine of 1959 and the step-motherly treatment of the State Government and the Assam Official Language Act 1961 and its imposition in all the District Councils under Assam were responsible for deteriorating relations.

The MDC on its turn did not perform very well with regard to revenue collection. While the revenue collection of MDC was just a meagre resource, the expenditure side was increasing higher and higher and the State Government of Assam was running in deficit for the administration of District Council.

In 1972, Mizoram was granted UT status, but during this time Mizoram was under insurgency movement of MNF. Mizoram was under the direct control of Union Government. Relations between the two political set up was characterised by counter insurgency measures by Union Government and measures adopted by Mizoram UT for restoration of peace and normalcy. Mizoram UT Government sometimes played a mediatory role between the Union Government and the MNF insurgents. In comparison to District Council period, there was more direct contact with the Union Government. Amount of financial assistance was also increased heavily during the UT period. Central Congress leaders also interfered directly in the UT politics as one sees from the role of Indira Gandhi in the merger of MU with UT Congress in 1974.

One of the remarkable features which differentiated the relations between Mizoram UT and Central Government from the District Council period was about more financial assistance to the UT Government from the centre. During the entire District Council period the total planned expenditure amounted to Rs 11crore but during the UT period it grew rapidly. The planned expenditure in 1972 was amounted to Rs 4.43 crore and it swelled to Rs 60.12 crore in 1986-87. It is evident from the fact that there was no more complaint against

the Central Government and many developmental works had been carried out. Economic development gradually relaxed the existing strained relations between centre and UT.

Thus, during 1972-1987, when Mizoram was put under UT administration there could not be normal relations between UT and Central Government as the MNF insurgency and counter insurgency measures prevailed in Mizoram. However, there were many new characteristics in the relations in comparison to MDC period. There was a huge jump in the amount of financial assistance from the Centre to the UT. Two parties, viz. Mizo Union and INC were engaged in the relations. MNF and MPC had emerged and also at the centre, INC lost its power and Janata party came into power in 1977 Lok Sabha Election and the relations between Mizoram UT and Central Government could not be bi-party relations, it was characterised by Multi-party relations.

Finally, on 30<sup>th</sup> June 1986, a historic Peace Accord was signed between MNF and Government of India. This accord was signed partly due to a cordial relationship between Mizoram UT Government and Union Government. Insurgency was prolonged by MPC's denial of Laldenga's plea to become Chief Minister in the interim government before coming over ground. But Congress ministry at the UT under Lalthanhawla chief ministership decided to make way for MNF for restoration of peace and normalcy in Mizoram. Cordial relations and understanding between the same party at the UT and Union level paved the way for this accord in 1986 and as a result, Mizoram became a full-fledged state on 20<sup>th</sup> February 1987.

An embarrassing incident had been happened after the Lok Sabha Election of 2014. This election resulted to the coming of BJP into power at the centre. The newly formed NDA Government had transferred Governor of Mizoram Vakom B. Purusothaman and later he resigned from the post. He was replaced by Kamla Beniwal in July 2014. Later on Beniwal was also sacked from the post in August 2014. Then Mizoram was put under an additional

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After Mizoram became UT, it had cordial and direct relations with the Union Government and also larger amount of funds from Central Government improved the relations. Though during the UT period, development could not be happened at a faster rate due to insurgency, various changes in the administrative and financial matters had greatly paved the way for the improvement of relations between Mizoram and Union Government.

The present ruling party i.e, Congress came into power in 2008 MLA election and it again won another victory in 2013 MLA election. At the centre, INC was defeated in 2014 Lok Sabha election by its main rival BJP. Due to the same party rule at both the centre and state level they maintained good relations with each other. Union Government did not have much interference in the state affairs before the Lok Sabha election of 2014. When BJP came into power at the centre, Mizoram State Government tried to build good relations with the

Union Government. The CM of Mizoram attended the inauguration ceremony of PM Modi and said that it would be better for state congress and Mizoram when non-congress party had formed ministry at the centre. To build friendly relations with the Union Government state ministers paid visit to Delhi from time to time and discussed various topics that concerned them.

Central Government had paid due attention and good care on the problems of Mizoram and taken many steps towards the improvement of relations with Mizoram. PM Modi advocated “Competitive and Co-operative Federalism” which would help to strengthen the federal spirit of country. He also advised his ministers to go to the NE and see the situation rather than making plan from Delhi. These visits played an important role in the improvement of relations between the Union Government and Mizoram. Meanwhile, there are some minor problems over some issues but these problems were not acting as hindrances in the relations between Union Government and Mizoram.

The research question of this thesis can be answered from findings of this work as follows;

1. Whether regime change at the centre has had any adverse effect on the centre-state political relations?

The answer to this question from this finding is no. Even though UPA Government under INC was replaced by BJP under the coalition of NDA, Mizoram State Government under Congress did not face any political problems with the Union Government. With regard to frequent change of Governor in Mizoram, it is due to the relations between BJP and INC and their appointed Governors in the state. It does not matter for relations between Union Government and Mizoram Government relations.

## 2. What are the main financial implications of such changed relations?

Due to Modi's "Co-operative and Competitive Federalism" policy, states are expected to raise the state's revenues. Mizoram Government also takes some measures to improve its economy. There is no major financial implication that runs against the interest of the state. Even the FFC recommendation to remove Special Category States was not implemented due to opposition from the NE states and the Status Quo was still followed. But financial dependency of the State Government is the main factor for developing good relations with the Union Government in the case of Mizoram as the state must conform to the words of the Union Government.

## 3. What are the institutional changes that could improve Centre-State relations?

From the account of the Mizoram relations with the Union Government right from the District Council period, it appears that financial issue had played a very big role in centre-MDC/UT/State relations. Political and economic factors are inter-related. It does not matter as to how the State Government depended heavily on union Government financially if it gets more funds for development. Many of the problems can be solved if the post of Governor was filled by those persons who have no active political involvement in any party as recommended by Administrative Reforms Commission.

This thesis reveals that generalisation on centre-state relations in India cannot be applied to every state. The problems faced by more developed and populous states cannot be the same with those faced by poor and less populous state like Mizoram. With the passage of time and changing of policy by the parties, those framework set earlier are not applicable in the study of Centre-State relations in India and new case study to examine relations are needed.

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**ABSTRACT**

**For**

**M.Phil Dissertation**

**CENTRE-STATE RELATIONS: A STUDY OF CONGRESS REGIME IN MIZORAM  
(2013-2016)**

**SUBMITTED BY**

**LALRINNGHETA**

**Registration No. MZU/M.Phil./329 of 22.04.2016**

**SUPERVISOR**

**Dr. K.V. REDDY**

**DEPARTMENT OF POLITICAL SCIENCE  
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## **Introduction**

In any federal country there would be division of administrative, financial and political functions into two, such as between union and state governments. The degree and meaning of federalism has been differently applied in various federal countries. Thus, it is imperative in a federal country, there has to be a clear cut division of powers between the two setups of administration, which can be usually codified in the form of written constitution.

Decline of Congress after 4<sup>th</sup> General election, emergence of Regional political parties in the state, Indira Gandhi autocratic attitude and National emergency, war with neighbouring countries and the 1990s liberalisation of India economy, judicial interpretation in famous cases like S.R Bhomai case, Keshavanad Bharti case etc. all these factors had effects on the moulding and remoulding of India Constitution whether towards unitary or federation.

Political leaders in the state and those who advocated state autonomy in India are pleading for more decentralisation of power, sufficient resources transfer, security from central encroachment through Article 356 and Central Reserved Police Force. Those factors like- the process of the appointment of the executive head of the state i.e. Governors and their role as agents of the Union Government, neglected of convention according to which President Should have to consult State Chief Minister for the appointment of Governor, politicians appointed to Governor post against the recommendations made by Commissions appointed for studying centre-state relations from time to time are playing detrimental role for the state autonomy.

The centre-state relations in India can be classified into three aspects such as, one- identical, when the parties in power, both in the state and centre are the same in which relations and even tensions can be managed by the party high command. Two, congenial, when different parties, but same ideological principles, formed government in the state.

Three, hostile relations, when two parties differ in their principles and ideology which formed government at the state and centre. The above mentioned aspects, especially the first and the third one are being experienced in Mizoram since recently. The problems that one had to tackle are confined within a specific timeframe and regime context. The congress party under the leadership of Lalthanhawla emerged as the single largest regime in Mizoram general elections, held in 2013, and a stable government was formed in the state. The present congress regime in Mizoram experienced the rule of two parties at the centre viz. Indian National Congress (INC) as part of the UPA in its early days and the Bharatya Janata Party (BJP) as part of the NDA after the 2014 Lok Sabha general election in India.

The study of relationship between the state and union governments help us to understand the nature of Indian federalism, and thereby to identify the fault lines, be it political, constitutional or financial. It is useful to examine the nature of central assistance for a state to implement the welfare policies. How important the role of governor is and the expectations of the centre towards the Governor can also be seen.

### **Statement of the problem**

The congress regime in Mizoram had neither any political problem nor social tension with the Indian National Congress at the centre. Their relations were cordial and both the party leaders at union and state had maintained close relations with each other. However, with the change of government at the centre in 2014, when the INC government was replaced by the BJP under Narendra Modi leadership, there emerged certain trends in the relations between the Governments of Mizoram and Union. One of the clearest manifestations is regarding the appointment of Governor in the State. A step-motherly treatment was meted out to the state regarding the frequent change of Governors in the state.

A comparative study of these two phenomena experienced by the same regime can help one to have a better understanding of the latest trends in the relations between Mizoram and Union Governments in particular and centre-state relations in India in general.

### **Objectives**

1. To study the Mizoram Government's political relationship with the INC-led UPA regime and with the BJP-led NDA regime at the centre.
2. To examine the impact of financial grants on the state government.
3. To identify the institutional mechanism through which relations between the union and state government in Mizoram could be improved.

### **Research questions**

1. Whether the regime change at the centre has had any adverse effect on the centre-state political relations?
2. What are the main financial implications of such changed relations?
3. What are the institutional changes that could improve the centre-state relations?

### **Methodology**

As it is an empirical research, the research methods are free from personal bias and as far as possible it is value-free research. This research is based on primary and secondary sources material collected through quantitative method. Interviews with Finance Minister of Mizoram, Finance Commissioner of Mizoram and one of the senior teachers in Mizoram University are useful for collecting the requisite information. Qualitative method is also applied. Annual Financial Statements of Mizoram from time to time and records in the Mizoram Archives are also very helpful for this research.

## **Chapterisation**

The study is divided into five chapters, each dealing with different, but related sub-topics for clarification of the main theme as shown below.

Chapter one, **Introduction** contains introduction of the topic, statement of the problem, methodology, main objectives, research questions which are necessary to direct the research in a purposeful way, besides a review of literature.

Chapter two, **Centre-State Relations: Historical Backdrop** deals with the historical perspective on centre-state relations, the main aspects brought forth by the changing economic and social circumstances. It deals with the specific case of Mizoram, different developmental stages from the District Council era to the Union Territory and lastly to the Statehood period. General perspectives on its relations with the union government in these three different stages are analysed.

Chapter three, **Political and Financial Relations: Institutional Issues** is devoted to analysis of Mizoram relations with Union Government on three important issues i.e., financial issues, Governor and Article 356. Financial dependency of Mizoram right from the District Council period till statehood and its implications, inter-relations of politics and economy, how Article 356 worked out in Mizoram and the reasons for imposing it thrice in Mizoram, problems faced by Mizoram with regards to appointment of Governor and response by the state through NGOs and not the state government are covered.

Chapter four, **Centre-State Relations: Regime Change Implications** consists of issues and events coming into the Mizoram relations with Union Government before and after Lok Sabha Election of 2014. This election changed party at the Union level. An analysis was made to understand the initiatives taken by the State Government of Mizoram to have

better relations with the Union Government that is no longer governed by its mother party. On the other hand, Union Government also took an effort to improve centre-state relations under the purview of what Modi called 'Competitive and Co-operative Federalism' as we have seen in chapter four. This chapter also highlighted some minor difficulties occurred in the Mizoram relationship with Union Government. The opinions of politician, bureaucrat and academician on the subject are also highlighted.

The chapter five, **Conclusion** is about summary of study findings, besides making some concluding remarks.

## **Findings**

The Government of India Act 1919 declared the Lushai hills as 'Backward area', and the Government of India Act 1935 put the district under the category of 'Excluded Area'. So, during this period normal administration as practised in other parts of the country was impracticable in the Lushai hills due to backwardness of the district and lack of competent and appropriate political institution necessary for the purpose. The district did not have representatives in the Assam Legislative Assembly. It was governed by Governor of Assam through District Superintendent till India's independence. This period can be called as the period of 'Politically dormant stage' in the Lushai relations with outside. On the other hand the relations between the district and provincial government can be dubbed as 'one way traffic' or 'down ward process' as the district did not have an agent to represent their interests and demands to the higher authority.

Mizoram became District Council in 1952 under Assam State Government. But during those days union Government never directly interfered in the District Council affairs, it was the Assam State Government which played a pivotal role in the district affairs. Relations with the Assam State Government was characterised by tension and lack of trust

towards each other. Mautam famine of 1959 and the step-motherly treatment of the State Government and the Assam Official Language Act 1961 and its imposition in all the District Councils under Assam were responsible for deteriorating relations.

The MDC on its turn did not perform very well with regard to revenue collection. While the revenue collection of MDC was just a meagre resource, the expenditure side was increasing higher and higher and the State Government of Assam was running in deficit for the administration of District Council.

In 1972, Mizoram was granted UT status, but during this time Mizoram was under insurgency movement of MNF. Mizoram was under the direct control of Union Government. Relations between the two political set up was characterised by counter insurgency measures by Union Government and measures adopted by Mizoram UT for restoration of peace and normalcy. Mizoram UT Government sometimes played a mediatory role between the Union Government and the MNF insurgents. In comparison to District Council period, there was more direct contact with the Union Government. Amount of financial assistance was also increased heavily during the UT period. Central Congress leaders also interfered directly in the UT politics as one sees from the role of Indira Gandhi in the merger of MU with UT Congress in 1974.

One of the remarkable features which differentiated the relations between Mizoram UT and Central Government from the District Council period was about more financial assistance to the UT Government from the centre. During the entire District Council period the total planned expenditure amounted to Rs 11crore but during the UT period it grew rapidly. The planned expenditure in 1972 was amounted to Rs 4.43 crore and it swelled to Rs 60.12 crore in 1986-87. It is evident from the fact that there was no more complaint against

the Central Government and many developmental works had been carried out. Economic development gradually relaxed the existing strained relations between centre and UT.

Thus, during 1972-1987, when Mizoram was put under UT administration there could not be normal relations between UT and Central Government as the MNF insurgency and counter insurgency measures prevailed in Mizoram. However, there were many new characteristics in the relations in comparison to MDC period. There was a huge jump in the amount of financial assistance from the Centre to the UT. Two parties, viz. Mizo Union and INC were engaged in the relations. MNF and MPC had emerged and also at the centre, INC lost its power and Janata party came into power in 1977 Lok Sabha Election and the relations between Mizoram UT and Central Government could not be bi-party relations, it was characterised by Multi-party relations.

Finally, on 30<sup>th</sup> June 1986, a historic Peace Accord was signed between MNF and Government of India. This accord was signed partly due to a cordial relationship between Mizoram UT Government and Union Government. Insurgency was prolonged by MPC's denial of Laldenga's plea to become Chief Minister in the interim government before coming over ground. But Congress ministry at the UT under Lalthanhawla chief ministership decided to make way for MNF for restoration of peace and normalcy in Mizoram. Cordial relations and understanding between the same party at the UT and Union level paved the way for this accord in 1986 and as a result, Mizoram became a full-fledged state on 20<sup>th</sup> February 1987.

An embarrassing incident had been happened after the Lok Sabha Election of 2014. This election resulted to the coming of BJP into power at the centre. The newly formed NDA Government had transferred Governor of Mizoram Vakom B. Purusothaman and later he resigned from the post. He was replaced by Kamla Beniwal in July 2014. Later on Beniwal was also sacked from the post in August 2014. Then Mizoram was put under an additional



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The present ruling party i.e, Congress came into power in 2008 MLA election and it again won another victory in 2013 MLA election. At the centre, INC was defeated in 2014 Lok Sabha election by its main rival BJP. Due to the same party rule at both the centre and state level they maintained good relations with each other. Union Government did not have much interference in the state affairs before the Lok Sabha election of 2014. When BJP came into power at the centre, Mizoram State Government tried to build good relations with the

Union Government. The CM of Mizoram attended the inauguration ceremony of PM Modi and said that it would be better for state congress and Mizoram when non-congress party had formed ministry at the centre. To build friendly relations with the Union Government state ministers paid visit to Delhi from time to time and discussed various topics that concerned them.

Central Government had paid due attention and good care on the problems of Mizoram and taken many steps towards the improvement of relations with Mizoram. PM Modi advocated “Competitive and Co-operative Federalism” which would help to strengthen the federal spirit of country. He also advised his ministers to go to the NE and see the situation rather than making plan from Delhi. These visits played an important role in the improvement of relations between the Union Government and Mizoram. Meanwhile, there are some minor problems over some issues but these problems were not acting as hindrances in the relations between Union Government and Mizoram.

The research question of this thesis can be answered from findings of this work as follows;

1. Whether regime change at the centre has had any adverse effect on the centre-state political relations?

The answer to this question from this finding is no. Even though UPA Government under INC was replaced by BJP under the coalition of NDA, Mizoram State Government under Congress did not face any political problems with the Union Government. With regard to frequent change of Governor in Mizoram, it is due to the relations between BJP and INC and their appointed Governors in the state. It does not matter for relations between Union Government and Mizoram Government relations.

## 2. What are the main financial implications of such changed relations?

Due to Modi's "Co-operative and Competitive Federalism" policy, states are expected to raise the state's revenues. Mizoram Government also takes some measures to improve its economy. There is no major financial implication that runs against the interest of the state. Even the FFC recommendation to remove Special Category States was not implemented due to opposition from the NE states and the Status Quo was still followed. But financial dependency of the State Government is the main factor for developing good relations with the Union Government in the case of Mizoram as the state must conform to the words of the Union Government.

## 3. What are the institutional changes that could improve Centre-State relations?

From the account of the Mizoram relations with the Union Government right from the District Council period, it appears that financial issue had played a very big role in centre-MDC/UT/State relations. Political and economic factors are inter-related. It does not matter as to how the State Government depended heavily on union Government financially if it gets more funds for development. Many of the problems can be solved if the post of Governor was filled by those persons who have no active political involvement in any party as recommended by Administrative Reforms Commission.

This thesis reveals that generalisation on centre-state relations in India cannot be applied to every state. The problems faced by more developed and populous states cannot be the same with those faced by poor and less populous state like Mizoram. With the passage of time and changing of policy by the parties, those framework set earlier are not applicable in the study of Centre-State relations in India and new case study to examine relations are needed.

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