

**FINANCIAL RELATIONSHIP BETWEEN THE STATE GOVERNMENT
AND AUTONOMOUS DISTRICT COUNCIL (ADC) IN MIZORAM**

BY

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Submitted

**in partial fulfillment of the requirement of the Degree of Master of Philosophy
in Department of Political Science of Mizoram University, Aizawl.**

DECLARATION

I Lalbiakzami Ralte, hereby declare that the subject matter of this dissertation is the record work done by me and that the contents of this dissertation did not form basis of the award of any previous degree to me or to anybody else, and that this work has not been submitted by me for any other degree in other University or Institute.

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ACKNOWLEDEMENT

First and foremost, I am thankful to the Almighty God for his guidance and manifold blessings.

I express my deepest and sincere gratitude to my Supervisor, Professor J DOUNGEL, Department of Political Science, Mizoram University, for his invaluable guidance, help, support and encouragement which serve as the basis for the completion of this Dissertation. Without his help, guidance and deep understanding, I may not have completed this work.

I also express my deepest gratitude to my family for their encouragement, support and help.

I express my thanks to Mr. K Beichhua, Liaison officer of Mara House, Aizawl, for sparing his valuable time for interview and providing me with documents that I need for my research.

I also thank Mr. Purno Kumar Tonchangya, Liaison Officer of Chakma House, Aizawl, for sparing his valuable time for interview and providing me with documents that I need for my research.

I also thank the officials and staffs of District Council and Minority Affairs (DCMA) for their help in providing official documents at their disposal that I need for my research.

I sincerely express my gratitude to Ayangbam Shyamkishore, Associate Professor, Department of Political Science, Mizoram University for his valuable time in conducting plagiarism test of my Dissertation.

I sincerely express my thanks to all the Faculties and Non-Teaching Staff of the Department of Political Science, Mizoram University for making a beautiful working atmosphere.

Lastly but not the least, I thank my colleagues Lianhminsanga, Samuel Lalruatfela, Lal Hminsangi, Nancy Zosangliani and Mimmy Rosangpuii for their cooperative attitude and making a beautiful working environment.

Dated:

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CHAPTER-1

INTRODUCTION

Mizoram was previously known as Lushai Hills and it was given Autonomous District Council known as the Lushai Hills Autonomous District Council. The name Lushai Hills District Council was changed into Mizo District Council on 1st September 1954 according to the Lushai Hills District (change of name) Act, 1954 (Act XVIII of 1954) , which was passed by the Indian parliament. Consequently, the name of the Lushai Hills was changed into Mizo Hills District. ¹ Mizo Hills District continued to be part of Assam till it was declared a Union Territory with the name “Mizoram” on 21st January, 1972 under the provision of the North Eastern Areas (Reorganization Act of 1971). The North Eastern Areas (Reorganization) Act of 1971 regrouped the region and created three new States namely Manipur, Tripura and Meghalaya and also creates two new Union Territories of Mizoram and Arunachal Pradesh. Insurgency in Mizoram continued to be very active even after the creation of Union Territory. However, with the signing of Mizoram Accord by the Government of India, Government of Mizoram and Mizo National Front (MNF) on 30th June, 1986, process was initiated for upgrading Mizoram to statehood. Therefore, Mizoram became the twenty-third state of the Indian Union on 20th February 1987, as a result of the enactment of the Constitution Fifty-Third Amendment Act, 1986 by the Indian Parliament. ²The name Mizoram is

1 Jangkhongam Doungel. (2010). *Evolution of District Council Autonomy in Mizoram*. Guwahati: Spectrum Publication, p.1

2 <https://mizoram.gov.in/page/know-mizoram>. Retrieved on 22nd August 2019.

derived from Mi (people), Zo (lofty place, such as hill) and Ram (land), and thus Mizoram implies “Land of the hill people”. Being the second least populous State in the country, it has a population of 1,097,206 or 10.97 lakhs according to 2011 census and covers an area of 21,087 sq. kms approximately. Located in the north-eastern part of India, Mizoram shares national boundary with the States of Manipur and Assam in the north and Tripura in north-west. It also shares international boundary with Myanmar in the east and Bangladesh in the west. Mizoram therefore is located in a strategically important location sharing a total of 772 km long international boundary with two countries.

Some of the distinct tribes of Mizoram are Lusei, Ralte, Hmar, Paihte, Pawi (Lai), Lakher (Mara), Bawm, Pang, Tlangau, Chakma and Riangs (Bru) etc.³ Except the Chakma and Riangs, the indigenous inhabitants of the Mizo hills belong to the stock called the Kuki-Chin tribe or Zo ethnic tribe.⁴ There are also a sizeable number of Nepalese scattered in every nook and corner of the state.⁵ It is interesting to note that 1901 census figure does not show a single person belonging to the Mizo group. By 1961 census it is observed that the Lushai population is absent from the populous figure because all those who call themselves as Lushai en bulk (and substantial number of Hmar, Paihte, Pawi and Ralte) have declared themselves as Mizo. The Mizo speak, Mizo (Duhlian), a language nurtured under the patronage of the Christian Missionaries. As for certain tribe such as Lai, Mara and Hmar, it is observed that the language of their tribe is still used by the people until today.

3V.V.Rao,H.Thansanga &N. Hazarika. (1987). *A Century of Government and Politics in Northeast India: Volume III Mizoram*. New Delhi: S. Chand & Company (PVT) LTD.

p.29

4 P.lalnithanga.(2005). *Emergence of Mizoram* .Aizawl: Lengchhawn Press, p.1

5Surajit Sinha.(1987). *Tribal politics and state system in pre-colonial eastern and north eastern India*. New Delhi:K P Banachi & Company, p.310

Lushai Hills was domain of the chiefs in pre-British era and the chiefs were owner of the land. As such, the chiefs were regarded as master of the land. All authorities and power of governance were traditionally vested upon the chiefs, so, the three organs of government such as legislature, executive and judiciary were concentrated upon the power of the chiefs.⁶ Sailo chiefs were the most powerful and popular chiefs in the North Lushai Hills and Lunglei region of the South Lushai Hills. Other than Sailo chiefs, there were also Thangluah chiefs and some other chiefs ruling in the North Lushai Hills. In the present Sixth Schedule region of Mizoram, there were Lai chiefs and Mara chiefs who were beyond the influence of the Sailo chiefs. The chiefs of the Lushai hills had contact with the Kings of Tripura, Manipur and Cachar even before the event of the British.⁷ A Mizo folktale speak of the rajas of the Vai(name given by the Mizo belonging to people in India outside the zo ethnic group) people(neighboring feudal areas were of Manipur, Tripura and Rangamati(Chakma)). It appears that these three areas had some influence upon the Mizo even before the event of the British. The Manipur Maharaja's territorial control extended up to the northern boundaries of Mizoram i.e. Jiribam area of Manipur which shelter the Hmar tribesmen. The impact of Tripura Raj worked through the large number of hill tribes living in the hill areas of Tripura bordering Mizoram. The Chakma Raj (Rangamati) also played an important role, sometimes as a buffer and sometimes as an intermediary, between the Mizo tribes and the larger society under the control of the British. When the British undertook expedition to pacify southern Mizo, the Chakma Queen, Kalindi Rani allowed the use of her territory by the

6 Jangkhongam Dounyel, Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Area of Mizoram, ICSSR Major Research Project, Submitted in 2015, Unpublished.

7 Surajit Sinha.(1987). *Tribal politics and state system in pre-colonial eastern and north eastern India*. New Delhi:K P Banachi & Company ,pp314&315

colonial powers. The kingdom of Chakma Queen extended right up to Demagiri, right inside Mizoram which became a part of south Lushai Hills after an order to this effect was issued by Sir Charles Elliot, the Lieutenant Governor of Bengal in 1892. Demagiri (Tlabung) remains within Lushai Hills after the amalgamation of South Lushai Hills and North Lushai Hills as Lushai Hills District under the administrative jurisdiction of the province of Assam with effect from 1st April, 1898. Many tribes of Mizoram worked as soldiers in the Tripura raj army. The Rivung chief was given a shelter at Tripura. The Zadeng chief got support of Chakma's of Chittagong Hills Tract as well as Sailo to defeat Hualngo tribe in Burma. ⁸

The plains of Cachar, Chittagong and Tripura were raided by the chiefs of the Lushai Hills from time to time, particularly, when the Kings of the plains were imbecile and weak. This practice was not stopped even after Cachar was annexed by the British. The British had no interest in interfering in the Lushai Hill as the territory was not productive for collection and accumulation of revenue. But the raiding activities of the chiefs of Lushai Hills were disturbing their newly acquired territories where they started tea plantation which gained them large revenue. Hence, punitive expeditions were sent by the British authority to punish the raiders in 1871-72 and 1889-90. The Lushai Hills expedition of 1871-7 was necessitated due to frequent attack of tea gardens in the plain areas by the Luseis. On 22nd February 18771, Alexandrapur tea garden was attacked by Sailo chief, Lalsavunga and killed Mr. James Winchester, the planter and kidnapped his daughter, Mary Winchester. Lushai Hills was attacked from two directions namely, Northern Column from Cachar and

8 Jangkhongam DOUNGEL.(2015).*Lai Chieftainship and its Impact in Politics*.New Delhi:Balaji Publications, pp117-118

Southern Column from Chittagong. Both the Column comprised of more than 5000 soldiers and the expedition stopped after Mary Winchester was released from the captivity of Chief Lalsavunga Sailo by Captain TH. Lewin. The British forces left Lushai Hills and warn the Chiefs of dire consequences if they raid the plain areas again. However, Chin-Lushai Expedition of 1889-90 was conducted again by the British forces as the raid continued. As such, Lushai Hills was attacked from two different directions namely, Cachar from the north and Chittagong from the south. Likewise Chin Hills was also attacked from two different directions namely, Northern Chin Hills and Southern Chin Hills. Subsequently, both Chin Hills and Lushai Hills were subdued as a result of this expedition and British rule was extended in both territories. The British Empire was obligated to take over the administration of both Chin Hills and Lushai Hills in order to discipline the chiefs. When the British annexed the Lushai hills, even though supreme power was on their hands, the institution of chieftainship was not abolished. The status of the chiefs was maintained and they continued to be chiefs of their respected village as British administration wanted to avoid interference in internal administration of the village. It wanted to utilize the status of the chief for its own administrative and commercial advantages. Thus, the chief were made very powerful in the eyes of the people by retaining their traditional administrative power but they were transformed to the status of tax collectors by the British administration. They have to submit a certain amount of revenue to the British and were restricted to have a final say in matters of imprisonment as well as penalty of fine above forty rupees. The chiefs continued to

maintain their autonomy under the British government till 1952 when the institution of chieftainship was abolished and district council was created.⁹

EVOLUTION AND DEVELOPMENT OF AUTONOMOUS DISTRICT COUNCIL (ADC) IN MIZORAM:

Before British annexed the Lushai Hills in 1891, it was the domain of the chiefs and there was no regular administrative set up in the territory. After the British conquest, the Lushai Hills was divided into two administrative sub divisions – North Lushai Hills under Government of Assam and South Lushai Hills under the Government of Bengal for administrative convenience of British imperialism. The Chin-Lushai Hills Conference held at Calcutta on 29th January 1892 amalgamated the two Lushai Hills Districts into one and name it as Lushai Hill District in 1898. It was therefore brought under the administrative control of the Government of Assam with effect from 1st April, 1898.¹⁰

The Governor-General in Council on 3rd January 1921 declared the Lushai Hills District as “Backward Tract”. But later on the Government of India Act 1935 gave up the terminology “Backward Tract”, instead describes the area as “Excluded Area” as found in section 311(1) of the Act. In pursuance of the provisions of Section 91(1) of the Government of India (Excluded and Partially Excluded Areas) Order, 1936, Lushai Hills District was declared as an excluded area.¹¹

9 Ibid, pp 150-153

10 Ibid, p.148

11 V.Venkata Rao, H. Thansanga & Niru Hazarika.(1987),*A Century of Government and Politics in North East India*.New Delhi:S. Chand & Company (Pvt) Ltd,pp. 10&29

The Cabinet Mission comprising of three British Cabinet Ministries under the leadership of Sir Stafford Cripps came to India in 1946 to discuss transfer of power from the British government to the Indian leadership, with the aim of preserving India's unity and granting its independence. The Mission suggested that an Advisory Committee on the Rights of the Citizens, Minorities and Tribal and Excluded Areas should be immediately formed by the Constituent Assembly to study and analyze upon the rights and privileges of tribal in Excluded and Partially Excluded Areas of Assam and other parts of India. Sir Stafford Cripps further said that this should be pursued without delay so as to facilitate the downtrodden section with constitutional rights. The Constituent Assembly therefore set up an Advisory Committee in terms of the Cabinet Mission statement on 24th February 1947, under the Chairmanship of Sardar Vallabhai Patel. As responsibilities of the Advisory Committee were so vast and coverage area was so extensive, the Advisory Committee constituted three sub-committee which will analyze and study specific area. The three sub-committees were:¹²

1. North East Frontier (Assam) Tribal and Excluded Area Sub-Committee.
2. North West Frontier Baluchistan Tribal and Excluded Area Sub-Committee.
3. Excluded and Partially Excluded Area (Other than Assam) Sub-Committee.

Gopinath Bordoloi was appointed as Chairman of the North East Frontier (Assam) Tribal and Excluded Area Sub-Committee, as such, the Sub-Committee came to be known popularly as Bordoloi Sub-Committee. Other members of the Sub-Committee

12 P. Chakrabarty.(2005).*Fifth and Sixth Schedule to the Constitution of India*.Delhi:Capital Law House, p.5

were Rev JJM Nichols Roy, Rup Nath Brahma, Jaipur Singh, A.V. Thakkar and Mayang Nokcha.

The Bordoloi Committee which comprised of Rup Nath Brahma, A.V. Thakker, Rev JJM Nichols Roy and B.N Rao, Constitutional Adviser to the Constituent Assembly of India visited Aizawl in April 1947. Besides visiting the Lushai Hills, the Bordoloi Committee also extensively toured the North Cachar Sub-Division, Mikir Hills and Naga Hills District but could not visit Garo Hills and Jowai area of Khasi Hills due to bad weather and communication problem. However, leader from Garo Hills met the Sub-Committee members in Gauhati and appraised them about their desire and expectation for Constitutional autonomy under the new Constitution of India. The Sub-Committee analyzed and deliberated facts, ideas and figures which they collected from their extensive tours and prepared report for inclusion in the Constitution. A report was submitted to Vallabhai Patel, who was the Chairman of Advisory Committee on Fundamental Rights etc. on 28th July, 1947. The report dealt with the various aspects relating to administration of the tribal areas. The report also recommended establishment of District Council and Regional Council for tribal areas of the then undivided Assam. Advisory Committee on 7th December, 1947 and 24th February, 1948 discussed the matter and suggested only two amendments while forwarding the report to the President of the Constituent Assembly on 4th March 1948.¹³

The Constituent Assembly finally considered the matter on 5th, 6th, and 7th September 1949. There was animated discussion in the Constituent Assembly on the

13 Jangkhongam Doungel.(2010).*Evolution of District Council Autonomy in Mizoram*.Guwahati:Spectrum Publication,p.1

Bordoloi Committee Report. After a long heated debate and certain amendments were made, the Sixth Schedule finally emerged and found place in the Constitution along with Articles 244(2) and 275(1). Article 244(2) in the original Constitution states the applicability of provisions of the Sixth Schedule in Tribal Areas of Assam but after many amendments was made in the Constitution. Article 244(2) now states about the application of the provisions of the Sixth Schedule in tribal areas of Assam, Meghalaya, Tripura and Mizoram. Whereas Article 275(1) state about the release of fund from the Consolidated Fund of India as grant-in-aid to tribal areas through the State Government.¹⁴

After Indian Constitution was brought into force, immediate formation of District Council in the Hill District was not possible and so, the government initiated moves to set up an Interim Advisory Council in the Hills District of Assam. An Advisory Council election was held for the Chiefs for electing their representative on 23rd March 1948 and for the commoners for electing their representative on the basis of adult franchise on 15th April 1948 in Lushai Hills. The Lushai Hills Advisory Council later on changed to Lushai Hills Advisory Committee in 1949 was created and it functioned as Interim District Council till the formation of the District Council.¹⁵

The Lushai Hills Autonomous District Council was finally inaugurated on 26th April, 1952 at Aizawl by Bishnuram Medhi, the then Chief Minister of Assam. Consequently, the Lushai Hills District Council came to be known as the Mizo District Council since 1954 as a result of the enactment of the Lushai Hills District

¹⁴ Ibid , p.33

¹⁵ Jangkhongam Doungel.(2010).*Evolution of District Council Autonomy in Mizoram*.Gauhati:Spectrum Publications, p.7

(Change of Name Act, 1954) by the Indian Parliament. On the other hand, a Regional Council called the Pawi-Lakher Regional Council (PLRC) with headquarters at Saiha was inaugurated by Ch.Saprawnga , the then Parliamentary Secretary to the Government of Assam on 23rd April 1953 at Lunglei. The PLRC continued to function till it was further trifurcated into three Regional Councils, namely, the Pawi Regional Council(PRC), the Lakher Regional Council (LRC) and the Chakma Regional Council (CRC) .¹⁶

The process for abolition of Mizo District Council began with creation of Union Territory of Mizoram. With the attainment of Union Territory status by Mizo District as “Mizoram”, the three Regional councils were subsequently upgraded to the status of full- fledged Autonomous District Council with effect from 29th April, 1972.¹⁷The Mizo District Council was deleted from Part III of the Sixth Schedule to the Constitution of India with effect from 29th April, 1972. However, the ruling party of the then Mizo District Council was scheduled to continue as caretaker government till the formation of legislature of the Union Territory of Mizoram. Pawi Regional Council came to be known as Pawi Autonomous District Council, Lakher Regional Council as Lakher Autonomous District Council and Chakma Regional Council as Chakma Autonomous District Council with effect from 29th April, 1972. Despite identification of Lai as “Pawi” and Mara as “Lakher” in Mizoram, the Lais and the Maras regarded the popular terms “Pawi” and “Lakher” as a derogatory term. They

16 Ibid, p7

17 Jangkhongam Dungle,*Autonomous District Councils-A study of the Implication of the Sixth Schedule in Mizoram in Mizoram, Dimensions and Perspectives-Society, Economy and Polity*, edited by J.K Patnaik(2008).New Delhi:Concept Publishing Company,p.212

demanded for change of their District Council name after their ethnic original name.¹⁸ As a corrective measure for fulfilling the long cherished dream of the people, the appellation “Pawi” was changed into “Lai” and “Lakher” into “Mara” in the Sixth Schedule provision of the Constitution of India by an Act of Indian Parliament in 1988. However the name of the tribes is still listed as Pawi and Lakher in Scheduled Tribe List of the State.¹⁹

The Autonomous District Councils (ADCs) are facilitated with legislative powers in Paragraphs 3,10,11,12 and 13: executive powers in Paragraphs 6 and 8: judicial powers in Paragraph 4 and financial power in Paragraph 7 and 13 of the Sixth Schedule of the Constitution of India. Over 18 subjects are handed over to the ADCs of Mizoram to enable them to govern their areas as well as to undertake socio-economic development works. The financial relationship between the State Government and the ADCs are based upon the provision of Article 275(1) and Paragraph 7 and 13 of the Sixth Schedule to the Constitution of India. Paragraph 7 of the Sixth Schedule incorporates about the creation of the District Fund where the money received by the ADC should be audited and Paragraph 13 incorporates that the estimated receipts and expenditure of the ADCs should be laid in the legislature of the State under Article 202 of the Constitution of India.²⁰

18 https://www.researchgate.net/profile/Prof_J_Doungel. Retrieved on 29th August 2019.

19 https://www.researchgate.net/profile/Prof_J_Doungel. Retrieved on 29th August 2019.

20 P.M. Bakshi(2016), The Constitution of India. . Delhi: Universal Law Publishing Co.Pvt Ltd, p 230.

Review of literature:

The book *Autonomous District Council* (1977) is the compilation of different articles by different scholars which is edited by L.S Gassah. The book consist of thirty two chapters in which the first seven chapters deal with the Sixth Schedule of the Indian Constitution, its analysis of the framework, operation as well as the provisions, autonomy and critical appraisal. From chapter eight to twenty seven articles relating to the various states of the north-east such as Assam, Meghalaya, Manipur, Mizoram and Tripura have been discussed. The remaining five chapters consist of the articles which mention about the relevance of the Autonomous District Council and the amendment of the Sixth Schedule in the light of the problems faced by it.

Monirul Hussain in his article *Tribal Movements for Autonomous State in Assam* (1987) discusses in detail how the demand of hill people of Karbi Anglong and North Cachar Hill district for autonomous state is rooted in the long history of similar movements in north-east which led first to the separate state of Nagaland, then Mizoram and later constitutional experiment with an autonomous tribal state which became Meghalaya. The demand for autonomous tribal state has been revived as a result of the decline of Congress, the erosion of left forces and the success of youth- dominated Asom Gana Parishad (AGP) in Assam. The future of the movement largely depends on the response of the AGP Government and the Central Government on the one hand and the capacity of the leadership to carry on their movement for a longer period.

David Stuligross in his article *Autonomous Council in Northeast India: Theory and Practice* (1999) analyzes the three aspects of the evolving relationship between tribal communities in northeast India and the Indian state. He assesses the debate between two dominant notions of how tribal communities ought to be incorporated into a unified Indian state. The article focuses on Autonomous District Council through which elected members may make laws dealing with justice, revenue, education and economic development over substantial tribal areas of northeast India. The developments effects of the ADC according to economic, social and political criteria are also evaluated. Extensive interview and archival research have yielded the conclusion that, despite considerable formal power in economic realms, the ADC themselves have not been engines of economic growth.

P. Lalnithanga in his book *Political Development in Mizoram* (2005) clearly states the political development that took place in the state since India's Independence. The book consists of thirty main chapters with an epilogue and pictures of the Government officials and dignitaries at the end. In the book the author wrote in details about different political parties-their emergence, downfall and the coalition government. The election of State Legislative Assembly, Autonomous District Council (ADC) and Village Council also highlighted. Various steps taken for the creation of Autonomous District Council in Mizoram is also clearly mentioned. The involvement of non-governmental organization such as the students and the church in the attainment of peace settlement is also found in this book.

H.C Thanhranga in his book *District Councils in the Mizo Hills* (2007) traces the constitutional history on the incorporation of the Sixth Schedule to the

Constitution of India and the background of the formation of Autonomous District Councils. The book deals with eight different District Councils and Regional Council, viz., Mizo District Council, Pawi-Lakher Regional Council, Pawi Regional Council, Lakher Regional Council, Chakma Regional Council, Pawi District Council, Mara District Council and Chakma District Council. It gives an account of each of the ADC regarding formation, functioning, membership, elections, finance and administration

In his article *Role of Municipality/Town Committee in District Council Area of Mizoram* (2010) Jangkhongam DOUNGEL analyses the role of municipality/town committees in District Council area of Mizoram with the perspective of the constitutional provisions in the sixth schedule. It specifically deals whether municipality is enforced or still a remaining dead letter in the Sixth Schedule Area of Mizoram. It hypothesized that municipality enshrined in the Sixth Schedule to the constitution of India is not fully enforced in the District Council area of Mizoram. As such appropriate and corrective measure is required for facilitating people of the district council area with the benefit of urban Local self government.

The book *Evolution of District Council Autonomy in Mizoram* (2010) written by Jangkhongam DOUNGEL is an in-depth study of the genesis of the Sixth Schedule to the Constitution of India that traces the historical background of such constitutional provisions for tribals of northeast India (the then undivided Assam). The author highlights evolution of the Lushai Hills District and the emergence of three Autonomous District Councils in Mizoram. It studies the political history and political developments of the Sixth Schedule area of Mizoram with case study of the

Lai Autonomous District Council. The ethnic relationship between the Lais and Maras is also been studied. The author analytically studies workings of the Lai Autonomous District Council with special emphasis on electoral politics till 2002. Attempt has been made by the author to objectively and critically assess the working and performance of District Council and its relationship with the State Government.

The article *Constituent Assembly and the Sixth Schedule: With special reference to Mizoram* (2010) written by J. Zahluna traces the historical root of the genesis of the District council in Mizoram. He introduces his article with the coming of the Cabinet Mission in India and how a separate sub-committee is set up for the northeast region to prepare schemes for the administration of the area. The article also mentions about recommendation made for the establishment of ADC and regional council by the subcommittee after their visit and interaction with the people of the designated area. After much heated debate in the Constituent Assembly by the members, the writer writes in details about creation of the Sixth Schedule and the birth of district council and regional council and elections that took place thereafter.

Autonomy Movements and the Sixth Schedule in North East India (2016) is a book edited by Jangkhongam Dounyel. It consists of twenty articles from various scholars and academicians who are deeply in touch with the constitutional system and Autonomy Movement in their respective areas. It is a book dealing inclusively with the working of the Sixth Schedule and the different autonomy movement in the north-eastern region of India. The genesis, amendment and development of the Sixth Schedule provisions have been analytically highlighted with an empirical approach. The in-depth analysis and objective assessment of the different Councils existing is

six States viz; Mizoram, Meghalaya, Tripura, Assam, Nagaland and Manipur, and the already defunct Councils of some States of the region have also been deliberated upon in this book.

J. K. Patnaik in his article *Autonomous District Council and the Governor's Role in the Northeast India* (2017) examines discretionary power of the Governor in the context of Autonomous District Council (ADC) under the Sixth Schedule areas of northeast India.. It briefly describes the historical well as constitutional origin of the ADCs. The article deals with the relevant constitutional provisions with reference to discretionary powers of the Governor under the Sixth Schedule of the Constitution with some examples, especially relating to Mizoram. Some general remarks regarding the relevance of ADC in ensuring real autonomy of the tribes in the context of various structural and operational constraints is mentioned in this article.

From the above review of the existing literature it is evident that the relationship between the State Government and the ADCs has drawn attention of the academicians. However, no specific and extensive works has been done in the financial domain of their relationship. As such, it was felt that a study such as the present work is needed to fill up the gap in the existing literature.

Statement of the problem:

The Autonomous District Council and the Regional Council are responsible for framing rules for the management of finances with the approval of the

Governor.²¹They are also given mutually exclusive powers to collect land revenues, levy and collect taxes on lands, holdings, shops, entry of goods into market and tolls etc within their respective jurisdictions. But the Autonomous District Council has the concurrent power on professions, trade, callings, employments, animals, vehicles and huts, tolls on passengers, and goods carried in ferries and maintenance of schools, dispensaries or roads. Under paragraph 9 of the Sixth Schedule if any dispute arises on the royalty, on the licenses or leases for extraction of minerals in autonomous districts between State Government and ADC, it shall be referred to the Governor for determination and amount determined by the Governor shall be final. As regards to tax on motor vehicles, it is assigned and collected by the State Government on behalf of the Autonomous District Council. Grants-in-aid, loans and advances etc from the State Government, constitute other sources of income of the Councils.

The Autonomous District Councils have elaborate functions/powers in the legislative, executive, judicial and financial domains. These powers are expected to uplift tribal communities in the domains of primary education, health, culture, social customs, social welfare, forest, land, agriculture, water management, village administration, economic and rural development. In practice however, the performances of the District Council have not come up to expectations. Result is that the District Councils have come under severe criticism especially in their management of finances.

Funds received by ADC under Article 275 (1) and other financial assistance from the Central Government are released through the State Government. The

21L.S Gassah.(1977).*Autonomous District Council*.New Delhi:Omsons Publications.p.63

Deputy Commissioner of the concerned district signed and authenticated the utilization certificate of the ADC and funds cannot be released if utilization certificate is not signed by the Deputy Commissioner. In this financial relationship of the State Government and the ADC charges and counter charges crop up between the two. As a matter of fact until today there exist a never ending blame game going on between the State Government and the ADC. The State Government is of the view that the funds received by the ADCs are not properly utilized for the development of the Council Areas. While ADCs opine that the State Government is deliberately delaying the money which came from the Centre and did not want to give out in time. So the blame game between the ADC and State Government is a chronic problem which usually rises when there are different ruling parties the State Government and ADC.

Scope of the study:

The scope of the study focus on the pattern of funding mentioned in Article 275(1) and in provision of the Sixth Schedule to the Constitution of India. It also highlight the history of the evolution of Autonomous District Council (ADC) in Mizoram. The relationship of the State Government with ADC in terms of finances and other related themes is also covered. Various issues concerning funding are also highlighted.

Objectives of the study:

1. To study the funding pattern of Autonomous District Council as incorporated in the Constitution of India.
2. To study financial rules and regulations of the Autonomous District Council.
3. To examine the financial relationship between the State Government and the Autonomous District Council.
4. To analyze the various issues concerning funding between the State Government and the Autonomous District Council.

Research Questions:

1. What are the funding patterns which are mentioned in the Constitution of India for the Autonomous District Council?
2. What are the financial rules and regulations of the ADC?
3. What is the financial relationship between the State Government and Autonomous District Council?
4. What are the various issues concerning funding in the relationship between the State Government and ADC in Mizoram?

Methodology:

The study is both historical and analytical in nature. Both qualitative and quantitative methods are used. Both primary and secondary sources are used for collection of data. Primary sources consist of data collected through government's documents and interviews. The secondary sources consist of books, journals, unpublished books, articles and seminar papers. Internet sources are also used for collection of data.

Chapterization:

Chapter One: Introduction

The first chapter consists of introduction of the topic and brief history of evolution and development of ADC in Mizoram. It also includes review of literature, statement of the problem, objectives, research questions, methodology and scope of the study.

Chapter Two: Funding pattern and financial rules of the ADC.

This chapter traces administrative set up and the subjects which are assigned to the ADC in the Constitution of India. It also highlights the funding pattern of the ADC in the Constitution of India. It analyzes the funding rules of the ADC, financed by the State Government. Financial rules and financial management of the ADC are also studied.

Chapter Three: Financial relationship between State Government and ADC

The third chapter traces the financial relationship between State Government and ADC as highlighted in the constitution. It also analyzes various issues which are involved in the financial relationship between the State Government and the three ADCs of Mizoram. It touches the financial transaction of the three ADC with the State Government.

Chapter Four: Issues concerning funding

The fourth chapter analyze different types of funding which the ADC got from Central Government, State Government and other sources. It also touches upon the issue of Direct Funding which the ADC of Mizoram have been propagating to highlight their grievances. Various funding issues between the State Government and three ADCs of Mizoram are also analyzed.

Chapter Five: Conclusion

This chapter consists of the summary of the chapters and findings.

CHAPTER-2

FUNDING PATTERN AND FINANCIAL RULES OF THE AUTONOMOUS DISTRICT COUNCIL

In the pre-independent era, Mizoram was a district under Assam with one independent sub-division, namely Lunglei Sub-Division which was headed by Sub-Divisional Officer (SDO). The Pawi-Lakher Region dominated by the Pawis and Lakhers was under the administrative control of the Sub-Divisional Officer (SDO), Lunglei. With the attainment of independence by India in 1947, the administration of the Lushai Hills faced a dramatic change which was designed to meet the desires and aspirations of the Mizo people and to safeguard their cultures and traditions. Under the Sixth Schedule to the Constitution of India, autonomous constitutional set up was created for the Lushai hills and other hill districts of Assam. Thus, the Lushai Hills Autonomous District Council was constituted under the provisions of the Sixth Schedule to the Constitution of India on 26th April, 1952. With the coming into being of the Lushai Hills Autonomous District Council which was facilitated with certain constitutional autonomy, certain subjects enshrined in Sixth Schedule to the Constitution of India were exercised by the Lushai Hills Autonomous District Council; yet, no administrative responsibilities had been exercised by the Deputy Commissioner.²²

22H.C.Thanhranga.(2007).*District Council in the Mizo Hills (Updated)*.Aizawl:Lengchhawn Press,pp.25&28

With the attainment of independence by India, the institution of traditional chieftainship was abolished through legislation due to strong pressure of the Mizo Union. The traditional and hereditary chieftainship was abolished under the provisions of the Assam Lushai Hills District (Acquisition of Chiefs Rights) Act, 1954, which was enacted by the Parliament. Thus, the traditional rights, power and privileges of 259 chiefs in the jurisdiction of the Mizo District Council came to an end along with the abolition of chieftainship on 1st April, 1954. After that, the traditional rights, power and privileges of 50 chiefs in the Pawi-Lakher Regional Council (PRLC) also came to an end with the abolition of chieftainship with effect from 5th April, 1956. Thus, the age-old traditional institution of chieftainship came to an end in the Lushai Hills.²³ The Government of Assam compensated the chief by giving them Rs 14, 68, 960 in lieu of Fathang for a period of ten years from 1955-1965 and ex-gratia grant of Rs 3, 48, 878. The total compensation given to the chiefs were Rs 18, 18, 958.²⁴ Fathang was a paddy tax given annually to the chiefs by all household of the village for cultivating the land of the chiefs. Land was acquired by the Government of Assam from the chiefs and it was in turn handed over to the Mizo District Council and PRLC. Then, the Village Council was established both by Mizo District Council and the PRLC to handle the Village administration in place of the Chiefs.²⁵

23 Jangkhongam Dounyel. (2015). *Lai Chieftainship and its Impact in Politics*. Delhi. Balaji Publications, p.196.

24 H.C. Thanhanga.(2007).*District Council in the Mizo Hills (Updated)*.Aizawl:Lengchhawn Press,pp28&29

25 Opcit. pp. 201-202

The Sixth Schedule area of Mizoram happened to be the domain of the Lai chiefs and the Mara chiefs since pre-British period and the area was accorded a Regional Council under the provision of Paragraph 1, Sub-Paragraph 2 of the Sixth Schedule to the constitution of India. ²⁶It is worth noting that the Pawi-Lakher Regional Council which had been in existence from 1953 till 1972 was the only Regional Council, established under the provision of Sixth Schedule to the constitution of India. After separation of the erstwhile Lushai Hills (Mizo District) from Assam and formation of the Union Territory of Mizoram in 1972, Mizo District Council was abolished. However, the Pawi-Lakher Regional Council (PLRC) was trifurcated into three Regional Councils; namely, Pawi Regional Council (PRC), Lakher Regional Council (LRC) and Chakma Regional Council (CRC) on 2nd April, 1972 and the three Regional councils were subsequently upgraded to the status of full-fledged Autonomous District Councils on 29th April, 1972.²⁷

Despite trifurcation of the erstwhile PLRC area into three Regional Council later on three Autonomous District Councils, namely, the Lai Autonomous District Council (LADC), the Mara Autonomous District council (MADC) and the Chakma Autonomous District Council (CADC), the whole area was under the administrative jurisdiction of Chhimituipui administrative district till August 1998. Then, the Chhimituipui District was bifurcated into two new districts, namely, Chhimituipui West District with Headquarters at Lawngtlai and Chhimituipui East District with

26 P.M. Bakshi. (2006). The Constitution of India. Delhi: Universal Law Publishing Co.Pvt Ltd, pp 341.

27 Jangkhongam Dounjel.(2010).*Evolution of District Council Autonomy in Mizoram*.Guwahati:Spectrum Publication,pp 68-70

headquarters at Saiha. Later on, Chhimtuipui West District came to be known as Lawngtlai District and Chhimtuipui East District came to be known as Saiha District. Saiha District covers the geographical area of the MADC whereas Lawngtlai District covers the whole geographical area of both LADC and CADC. In strict sense of the term, Lawngtlai and District and Saiha District are now the only tribal area among the districts of Mizoram as per the provisions Paragraph 20 of the Sixth Schedule to the Constitution of India.²⁸

WORKINGS/ ADMINISTRATIVE SETUP OF THE THREE AUTONOMOUS DISTRICT COUNCIL (ADC) OF MIZORAM

According to subparagraph 6, Paragraph 2 of the Sixth Schedule to the Constitution of India, the Government of Mizoram had enacted the Mizoram Autonomous District Council (Constitution and Conduct of Business of the District Council) Rules, 1974 which then become the guiding principle of governance for the three Autonomous District Councils of Mizoram. A separate department known as District Council Affairs (DCA) which later was changed to District Council and Minority Affairs Department (DCMA) was created by the Government of Mizoram to look after the affairs of the three Autonomous District Council and funds for the Autonomous District Council are channelized through this department with the approval of the state finance department. Thus, the DCMA department becomes the

28 Jangkhongam Doungel, *Autonomous District Councils- A study of the Implications of the Sixth Schedule in Mizoram in Mizoram, Dimension and Perspective: Society, Economy and Polity*, edited by J.K. Patnaik.(2008). New Delhi :Concept Publishing Company, pp 212

main controlling authority with regards to the affairs of the Autonomous District Council of the state.²⁹

As provided in the Mizoram Autonomous District Council (Constitution and Conduct of Business of the District Council) Rules, 1974, every District Council, unless sooner dissolved shall continue for 5 years from the date appointed for its first meeting. Qualifications for membership of the District Council are

- Citizen of India.
- Not less than 25 years of age and
- Entitled to vote at the election of Members of District Council (MDC) of the Autonomous District.

The Chairman and the Deputy Chairman are elected amongst the MDC themselves and they are similar to the Speaker and Deputy Speaker of the State Legislative Assembly. The quorum for convening the session of the District Council shall be 4 Members or one third of the total number of such Councils, whichever is greater. The Autonomous District Council also has an Executive Committee whose function is similar to the Cabinet of the State Government. The CEM is the leader of the majority party in the legislature of the Autonomous District Council and he is the leader of the house. The Chief Executive Member (CEM) is the head of the Executive Committee and is elected by the MDC's from among them. The CEM also recommended certain MDC's for the appointment as Executive Members (EM) to the Governor of Mizoram for his approval. The post of CEM and EM are similar to

²⁹ Ibid, pp. 210&211

the Chief Minister and Cabinet Minister of the State Government respectively. Each Autonomous District Council has two Secretaries, one for the Executive Committee who is designated as Executive Secretary and the other for Legislature who is designated as Legislative Secretary. The post of Executive Secretary is similar to the Chief Secretary of the State Government or Cabinet Secretary of the Union Government whereas the Legislative Secretary is similar to Secretary, Assembly Secretariat of the State Government or Secretary General of the Lok Sabha as Secretary General of the Rajya Sabha of the Union Government.³⁰ Each Autonomous District Council also has the Court President and Recorder who is the replica of the Chief Justice of the High Court or the Supreme Court. Some of the functioning of the 3 ADC shall be analyzed as follows:

Chakma Autonomous District Council (CADC):

The Chakmas demand for Regional Council could be dated back to 1953 which continued till 1972. There were two groups of leaders representing the cause of the Chakma demand for autonomy such as leader from outside the Pawi-Lakher Regional Council (PRLC) area and leaders from the PRLC geographical area. The group from outside the PRLC geographical area was led by Kusto Mohan Chakma who submitted a series of memoranda to Government of Assam and Government of India. The group from inside the PRLC geographical area was led by Atul Chandra Chakma who was also MRC (Member of Regional Council) of the PRLC.³¹ In fact it

³⁰ Ibid, pp.212

³¹ Jyotir Moy Chakma, *Formation and Functioning of the Chakma Autonomous District Council in Autonomy Movements and the Sixth Schedule in North East India*, edited by Jangkhongam Doungel. (2016), Guwahati: Spectrum Publications, pp. 57-59

was Atul Chandra Chakma who convinced Pimputkar, Special Secretary of Union Territory, Government of India and it resulted in amendment of Sixth Schedule by inserting clause (h) in sub-paragraph 3 of Paragraph 1 in the North Eastern Area Reorganization Act of 1971. Consequently, the PRLC was trifurcated in to three Regional Council on 2nd April 1972 and the three Regional Council was subsequently upgraded to Autonomous District Council on 29nd April, 1972. In such a way, the Chakma Autonomous District Council (CADC) emerged from the erstwhile PRLC area and the geographical area where the CADC emerge now was the domain of the chief of Bawm, Pang and Tlangau from the Zo ethnic group.³²

The Chakma Autonomous District Council (CADC) is the smallest in area among the District Council of Mizoram and its geographical area is 686.35 sq. km. the headquarters of the CADC is located at Kamalanagar (Chawngte 'C') and the structural set up is categorized into legislative, executive and judiciary. It has a population of 45, 307 as per 2011 census and there are 83 Village Council under CADC administered area. The Council exercises legislative, executive and judiciary powers over allotted departments within the territory of CADC. The CADC has a total of 24 Members of District Council (MDCs), out of which 20 are elected from the territorial constituencies and the rest 4 are nominated by the Governor. It has 23 Departments and 1003 employees till 2001. The present CEM of CADC is Rashik Mohan Chakma and the Chairman of CADC is H. Amaresh Chakma.³³

32 Jangkhongam Doungel, *Evolution of the Chakma Autonomous District Council and its Constitutional Basis*, paper presented in Mizo History Association Conference, organized by the Mizo History Association, Government Aizawl West College, Aizawl, 28th- 29th September, 2017, unpublished.

33 <https://www.cadc.gov.in/> . Retrieved on 14th September, 2019.

Lai Autonomous District Council (LADC):

The Lai Autonomous District Council (LADC) is the largest in geographical area among the three Autonomous District Councils in Mizoram. It is bounded by Lunglei District in the North, Chakma Autonomous District Council in the West, Mara Autonomous District Council in the East and Myanmar (Burma) in the South and North-East. The area of the present LADC is 1870. 75 Sq.km, forming two blocks such as Western blocks (West of Koladyne River) and the Eastern Block (East of the Koladyne River). The demand for autonomy of the Lai (Pawi) could be dated back to the pre-independent era because Lais were not under the rule and influence of the Sailo chiefs. The autonomy movement of the Lais could be traced back to formation of Chin Association as a political party by Z. Hengmau in 1947. After that, Pawi-Lakher Tribal Union (PLTU) was formed in 1949 under the initiative of Z. Hangmau and Vako who were both member of the Lushai Hills Advisory Committee. Thus, PLTU pursued the demand for regional council and Pawi-Lakher Regional Council (PRLC) was formed on 23rd April, 1953 from which the present ADCs of Mizoram are created in 1972.³⁴

The Headquarters of the LADC is at Lawngtlai and Sub-headquarters at Bualpui 'Ng'. Sub-Divisional headquarters are now located at Sangau, Lungtian and Diltlang, Chawngte 'P' and Vathuampui.³⁵ As per the 2019 Statistical and Population

34 Jangkhongam Doungel, *Evolution and Functioning of the Lai Autonomous District Council in Autonomy Movement and the Sixth Schedule in North East India*, Edited by Jangkhongam Doungel. (2016). Guwahati:Spectrum Publications, pp .76-78

35 No.V.11012/1/2019-LADC/LAD, Dated Lawngtlai-9th Oct, 2019

Report of the Local Administrative Department of the LADC, there are 95 villages and 6 sub-villages. The population of the whole area of LADC is 95, 705. The structural set up of LADC is categorized into three organs such as legislative, executive and judiciary.³⁶The Lai Assembly of the Lai Autonomous District Council has 27 members in which 23 are directly elected and 4 are nominated by the Governor on the recommendation of the CEM of LADC. As of in 2019, T. Zakunga is the present CEM of LADC and V. Zirsanga is the Chairman of the LADC. Further it has 25 functioning departments with more than 1,500 employees.

Mara Autonomous District Council (MADC):

The desire of the Mara people for autonomy could be dated back to 1945 when the Mara chiefs organized a conference at Sevaio (Serkawr) which was attended by more than 30 chiefs, as a result of the resolution adopted in the conference memorandum for the demand of autonomy was submitted to Additional Superintendent, South Lushai Hills Lunglei in the same year. With the formation of the Pawi-Lakher Tribal Union (PLTU) as a political party under the initiative of Z. Hengmau and Vako, the PLTU pursued the demand for regional Council and the PRLC was created in 1953. Subsequently, the present three Autonomous District Council emerged from the trifurcation of the PRLC. The MADC is also overstaffed like the other two Autonomous District Councils, namely, the Chakma Autonomous District Council (CADC) and the Lai Autonomous District Council (LADC).³⁷

³⁶ <https://ladc.mizoram.gov.in/page/organisation-structure>. Retrieved on 9th September 2019.

³⁷ K. Robin & V.B Nopha Azyu, *Movement for Autonomy among the Maras: A Historical Study in Autonomy Movement and the Sixth Schedule in North East India*, edited By Jangkhongam Doungel.

The Mara Autonomous District Council (MADC) is one of the three Autonomous District Councils of Mizoram. It is located in the southernmost tip of Mizoram bordering Myanmar. MADC has a geographical area of 1445 Sq.km. The MADC is bounded by LADC in the north and west and by Burma (Myanmar) in the east and south. The legislature of the Mara Autonomous District Council has 25 members in which 3 are nominated by the Governor on the recommendation of the CEM of the MADC. Its Headquarters is located at Saiha and Tuipang is its Sub-Headquarters. There are 62 Village Councils and the population of the Council administered area is 37, 500. The MADC is broadly categorized into three main structural organs such as legislative, executive and judiciary. The Council look after 27 departments and has 1, 495 regular staffs.³⁸

As stated above, the Sixth Schedule to the Constitution of India provides legislative, executive and judiciary powers to the Autonomous District Councils of Mizoram within their jurisdiction. Legislative power for the Autonomous District Councils are enshrined in Paragraphs 3, 10, 11, 12 and 13; executive powers in Paragraph 6 and 8, judicial power in Paragraphs 4 and 5 and financial powers are enshrined in Paragraph 7 and 13 of the Sixth Schedule to the Constitution of India. It should also be noted that even if many subjects are enshrined in the Sixth Schedule to the Constitution of India, the ADCs cannot effectively exercise their power if they

(2016). Guwahati: Spectrum Publication, pp. 93-97

38 <https://madc.mizoram.gov.in/>. Retrieved on 14th September, 2019.

do not make appropriate laws in the respective subjects.³⁹ The power and functions of the Autonomous District Council can be analyzed as given under the following head.

Legislative:

On the basis of the power conferred by paragraph 3 of the Sixth Schedule to the Constitution of India and as per the provisions laid down in Rule 73 of the Mizoram Autonomous District Council (Constitution and Conduct of Business of the District Council) Rules, 1974, the Autonomous District Council has certain legislative powers. The Autonomous District Council has the power to make laws on the allotment, occupation and use of land, regulation of jhumming, management and control of forests under the Council, the use of water sources for agriculture, the establishment of town committee, matters connected with the administration of village police, the appointment and succession of Chief or Headman, the inheritance of property, marriage and divorce, social customs, money lending and trading by other persons than the scheduled tribes. The legislation which shall be passed in the session of the Autonomous District Council shall be first discussed and then decided in the Executive Committee. After the draft bill is approved by the Executive Committee, it shall be presented in the session of the Autonomous District Council and it will be authenticated by the Chairman after it is passed in the session. After the authentication of the Chairman, the legislation will be sent for assent of the Governor. After the Governor assented the bill, it will be published in the State

³⁹ P.M Bakshi, op.cit, pp.344-352.

Gazette as provided in Paragraph 11 of the Sixth Schedule to the Constitution of India, then the bill automatically will become an act.⁴⁰

The legislative organ of the Autonomous District Council (ADC) is headed by Chairman and he is assisted by the Deputy Chairman. The Chairman and Deputy Chairman are elected from among the Members of the District Council ((MDC) by majority vote and their status can be compared to Speaker and Deputy Speaker of the State Legislative Assembly. As State Legislative Assembly has Assembly Secretariat, each ADC also has its own Legislative Secretariat which recruits number of officers and staffs. The legislative department in each Autonomous District Council is administratively headed by the Legislative Secretary and the department has to make necessary arrangement for convening Session and receive questions from the Members of the District Council (MDC) which should be submitted to the Chairman for scrutiny. The Chairman has to certify and check that questions raised by the MDCs are within the ambit of jurisdiction given to the ADC by the provision to the Sixth Schedule to the Constitution of India. The Chairman has to see whether the questions are concern of the District Council and questions should be submitted 15 days before the session. The Legislative Department also makes arrangement for election of the Chairman, Deputy Chairman, and the Chief Executive Member under the supervision of the concerned Presiding Officer. Further, it also records and publishes the proceedings of the District Council Sessions and it should send Bill for approval of the Governor after being authenticated by the

40 Government of Mizoram, the Mizoram Gazette Extra Ordinary, Issue No. 72 (A), 18.9.1989, The Mizoram Autonomous District Council (Constitution and Conduct of Business Rules, 1974), Aizawl, pp.24-30.

Chairman. However the real legislative function or law making power is exercised by the legislature of the District Council which comprises of the MDCs.⁴¹

Executive:

As regard to executive powers, the Council has power to establish, construct or manage primary schools, dispensaries, markets, cattle, pond, ferries, fisheries, road, and waterways. The Autonomous District Council also has the power to determine the language and manner in which education should be imparted in the primary school within its jurisdiction. According to the provision provided in Paragraph 6 (1) of the Sixth Schedule to the Constitution of India, Primary School was entrusted to the District Council in 1975 and Middle School (Upper Primary School) was further entrusted to the District Council in 1994. However, enhancement of power through which the Government of Mizoram handed over middle school to ADCs in 1994 did not provide for proper funding and infrastructural development which really create a headache for the authority of the ADCs of Mizoram. The reason being handing over subjects without appropriate funding and infrastructural development really disturb the functioning of the ADC. The leaders of the ADCs were also ignorant in accepting the enhancement of powers without knowing the ground reality. In fact, this unfortunate episode also retards qualitative growth of education in the ADC area. For effective implementation of the development schemes, District Council has certain developmental departments such as Rural Development, Urban Development and Poverty Alleviation, Public Health

41 Jangkhongam Doungel, Autonomous District Councils-A study of the implication of the Sixth Schedule in Mizoram Dimension and Perspective, Op.cit. pp. 213-214.

Engineering Department (PHED), Agriculture, Industry, Veterinary, Soil Conservation, Local Administration Departments etc.⁴²

The Executive Function of the District Council is vested in the Executive Committee. The Executive Committee is headed by the Chief Executive Member (CEM) but the administrative responsibility of the Executive Committee lies with the Executive Secretary. The Executive Committee comprises of the CEM and the Executive Member (EM) and the main work of the Executive Committee is to execute the plans of the District Council as well as implement and enforce the laws and legislations enacted by the legislature. The administrative responsibility of the Executive is vested upon the Executive Secretary and different officers of the departments of the Autonomous District Councils. As provided in Paragraph 6, subparagraph 2 of the Sixth Schedule to the constitution of India, departments are created in the ADC with the approval of the Governor of Mizoram. The responsibility of the Executive Secretary of the ADC is similar to Chief Secretary of the State Government and he co-ordinate and supervise the working of officers of different departments under ADC except the judicial and legislative branches.⁴³

Judiciary:

42 Op.cit, p.241

43 Ibid

As provided in sub-paragraph (4), Paragraph 4 of the Sixth Schedule to the Constitution of India, the Autonomous District Council (ADC) may constitute the District Council Court with the approval of the Governor of Mizoram. Further, sub-paragraph (1) of the same paragraph also provided for establishment Village Council Court. Thus, three tier courts, namely, Village Council Court, Intermediate district Council Court and District Council Court are established in each ADC. However, the District Council Court and the other two tier courts namely, Intermediate District Council Court and Village Council Court can titigate cases only if both parties in dispute are Scheduled Tribes. But if non tribals are involved in the case it cannot be tried by District Council Court. Judicial Officers of District Council Court and Intermediate Council Court are appointed by the ADC.⁴⁴

Each Autonomous District Council (ADC) established three tier courts, namely Village Council Court, Intermediate District Court and Distinct Council Court under the provision of the Pawi-Lakher Autonomous Region (Administration of Justice) Rules, 1954 which was adopted by each of the District Council. Later the LADC and MADC have made their own rules for this purpose in 1974 and 1981 respectively and courts under the two District Councils are now looked after under the provision of this Rule. Further, the CADC also has taken steps in this regard and Chakma Law Code was enacted in 1997. The District Council Court is headed by President and Recorder whose responsibilities can be compared to Chief Justice of High Court. There are Judicial Officers below the Court President and Recorder. The Court President, Recorder of District Council Court and Judicial Officer of both the

44 H.C. Thanhranga.(2007).*District Council in the Mizo Hills(Updated)*.Aizawl:Lengchhawn Press,p. 243

District Council Court and Intermediate District Council are appointed by the Autonomous District Council authority. However, with regard to Village Council Court, the elected Village Council acted as Village Court. President of Village Council is also President of the Village Council Court. The Village Council Court comprises of 3 to 11 members depending upon its population and household of the village. Further, the Village Council Court impose fine up to Rs 60 and judgment against the ruling of the Village Court can be appealed in the Intermediate District Council Court within sixty days from the announcement of the order by the Village Council Court excluding the time for obtaining copies of the order as decision appealed against. Likewise an appeal against the Intermediate District Council Court shall lie to District Council Court. However, judgment against the District Council Court can be appealed only in the High Court within ninety days from the announcement of judgment by the District Council Court and Judicial Officers of Intermediate District Council Court are equivalent to Magistrate first class of the State Government in rank, status and power. So, penalty and fine impose by Magistrate first class of the State Government can also be imposed and litigated by the Court President and Recorder as well as Judicial Officer of the District Council Court.⁴⁵

The working of the ADC therefore is like a miniature government. The three organs of Government functioning in the Council namely legislative, executive and judiciary is one of the unique features of the Sixth Schedule to the Constitution of India. In fact, the uniqueness of the ADCs under the provision of the Sixth Schedule

45 Jangkhongam Doungel, autonomous District Council- A study of the Implications of the Sixth Schedule in Mizoram, Op. Cit, pp. 216-217

to the Constitution of India lies in this very feature. The legislature of the ADC which represents the legislative make laws and the laws after assent given by the Governor is published in the State Gazette. After that the executive headed by the Chief Executive Member execute the law. In fact the main execution work is done by the Executive Secretary and a team of officers who look after different departments of the ADC. Whereas judicial powers, enshrined in the Sixth Schedule to the Constitution of India also has been exercised by the three tier courts, namely, Village Council Court, Intermediate District Council Court and District Council Court.

ENHANCEMENT OF POWER TO THE ADCs

The three ADCs of Mizoram from time to time demand higher political status and enhancement of power. Consequently, enhancement of power to the three ADCs of Mizoram has been done twice in 1993 and 2011 respectively. However, whether the so called enhancement of power really enhances the power and responsibilities of the three ADCs of Mizoram is the question to be pondered and to be assessed analytically. In pursuance of the decision of the Council of Ministers vide Memo No.J-11012/222/93/POL dt. 21.9.1993 regarding entrustment of powers to the ADCs conferred under Para 6 (1) and (2) of the Sixth Schedule to the Constitution of India as amended and in modification of Government Notification No. DCA/E212/83/52 dt. 20.8 1986, the Governor of Mizoram entrusts the following subjects/items under various Departments of the Government of Mizoram to the three ADCs with effect from 1994-95 financial year. The notification was issued in the Mizoram Gazette by

Dr. H.C. Thanhrranga, Secretary to the Government of Mizoram. the list of 20 subjects given to the ADCs in the notification are given follows.⁴⁶

1. Agriculture & Horticulture Department.
2. Fisheries Department.
3. Public Health Engineering Department.
4. Industry Department.
5. Sericulture Department.
6. Animal Husbandry & Veterinary Department.
7. Art & Culture Department.
8. Social welfare Department.
9. Soil Conservation Department.
10. Local Administration Department.
11. Forests Department.
12. Transport Department.
13. Sports and Youth Services Department.
14. Cooperative Department.

⁴⁶ Jangkhongam Dounel, *Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Area of Mizoram*, ICSSR Major Research Project, Submitted in 2015, Unpublished, pp.92-95

15. Public Works Department.
16. Education Department.
17. Rural Development Department.
18. Relief & Rehabilitation Department.
19. DRDA & ICDS.
20. Water Ways (Inland water transport).

Two decades after the notification of the previous enhancement of powers in the Mizoram Gazette, another notification was issued again in 2011 for enhancement of more powers. As per No.C.13016/3/2010-DCA, the 29th August, 2011, in partial modification of this Government's Notification No. B.17012/3/92-DC Adt.22.9.1993 regarding entrustment of powers of the three ADCs and in exercise of powers available under Paragraph 6 (2) and 20 BB of the Sixth Schedule to the Constitution, the Governor of Mizoram entrusts the following functions to the State Government Departments of each of the three ADCs of Mizoram as shown below:⁴⁷

1. Agriculture (Crop Husbandry) Department.
2. Animal Husbandry & Veterinary Department.
3. Art & Culture Department.
4. Cooperation Department.
5. Disaster Management, Relief & Rehabilitation Department.

⁴⁷ Ibid, pp 95-98

6. Fisheries Department.
7. Horticulture Department.
8. Industries Department.
9. Local Administration Department.
10. Minor Irrigation Department.
11. Public Works Department.
12. Public Health Engineering Department.
13. Rural Development Department.
14. Social Welfare Department.
15. Soil Conservation Department.
16. Sports and Youth Services Department.
17. Sericulture Department.
18. Transport Department.
19. Urban Development and Poverty Alleviation Department.

Enhancement of power, in the context of Sixth Schedule Area of Mizoram implies allocation of additional subjects/departments to the ADC. Zachono, Ex CEM of MADC expressed that allocation of subjects/departments means to open up that subjects/departments for allocation of budgets while funding is still dependent on the state government. So, enhancement of power does not fulfill the aspirations of the

autonomy demands of the ADCs as it does not solve financial dependency. The existence of parallel departments i.e. one under the State Government and another under ADC not only means semi-autonomy but also incurs duplicity of works, higher administration costs, high salaries etc. It is evident that enhancement of power was done twice by the State Government by giving more subjects to the ADCs. Yet, there is no increase in budget and no infrastructural developments have been delegated along with the enhancement of power. Thus, more subjects are given to the ADCs but the ADCs cannot work effectively without adequate financial help and infrastructural development. As a matter of fact, the two enhancement of power to the ADC in 1993 and 2011 did not have much impact in the powers, status and functioning of the Autonomous District Council of Mizoram.

FUNDING PATTERN OF ADC IN THE CONSTITUTION OF INDIA

The emergence of Autonomous District Council in the Constitution of India could be traced back to its inclusion in the Sixth Schedule provisions and in Article 244 (2) and 275 (1). The main source of power and functions of the ADC under the provision of the Sixth Schedule are found in Article 244 (2) and 275 (1) of the Constitution of India. The provisions of the Sixth Schedule has been created so that it would facilitate the tribals of the Excluded and Partially Excluded Area of the then undivided Assam to enable them to preserve their custom, culture, ethnicity, tradition, land and language. Therefore a constitutional body has been created for

them so that they could govern themselves according to the law of the land. Paragraphs 20 of the Sixth Schedule to the Constitution of India clearly lay Tribal Areas which are under the provision of the Sixth Schedule. Article 244(2) originally states about the application of the provisions to the Sixth Schedule to the Constitution of India in the tribal areas of Assam and article 275 (1) provided for the funding pattern. The Tribal Areas in Article 244(2) were listed in Part A and Part B in Paragraph 20 of the Sixth Schedule in the original constitution. Part A listed six Tribal Areas with Autonomous District Council such as United Khasi-Jantia Hills, Garo Hills, Lushai Hills, Mikir Hills, North Cachar Hills and Naga Hills. Tribal Areas in Part A are facilitated with autonomy and power of self government. Whereas, the two Tribal Areas in Part B were under the discretionary rule of the Governor of Assam. Article 275 (1) mentions about the funding pattern of the Autonomous District Council where funding of the two ADCs should be charged upon the Consolidated Fund of India which should be released to the ADC through the State Government.⁴⁸

However after the enactment of the North Eastern Areas Reorganization Act, 1971, the list of tribals area in Paragraph 20 of the Sixth Schedule has been written in Part I and Part II and Part III in which Part I is list of tribal Area in Assam , Part II is that of Meghalaya and Part III is list of tribal Areas in Mizoram. as a result of the extension of the provision of the Sixth Schedule in Tripura, Tribal Area Autonomous

48 B.L Hansiari.(1983).Sixth Schedule to the Constitution of India-A Study.Gauhati:Jyoti Printers,pp A-334

District Council (TTADC). The TTADC is now listed in Part II A. Yet, the content and provision of Article 275 (1) is still the same.⁴⁹

As a result of the enactment of the North Eastern Reorganization Act 1971, a new state, namely, Meghalaya and two Union Territories, namely, Arunachal Pradesh and Mizoram emerged from undivided Assam other than the state of Nagaland which was created in 1963. Further, the provision of the Sixth Schedule was also extended to Tripura Tribal Areas Autonomous District Council (TTADC) in Tripura in 1985. As a result, Article 244 (2) is also automatically amended which now reads as “The provision of the Sixth Schedule shall apply to the administration of the tribal areas in the state of Assam, Meghalaya, Tripura and Mizoram”. Thus, Article 244 (2) can be stated as the solid constitutional background for the establishment of the Autonomous District Council and other Council under provision of the Sixth Schedule to the Constitution of India. Article 244 is about the administration of the Scheduled Areas and tribal areas in which it is divided into two clauses. The first subparagraph deals with the administration and control of Scheduled Areas and Scheduled Tribes in any State other than the States of Assam and Meghalaya under the provisions of the Fifth Schedule to the Constitution of India. The second clause shall apply to the administration of the tribal areas in the States of Assam, Meghalaya, Tripura and Mizoram under the provision of the Sixth Schedule to the Constitution of India. It should also be noted that only tribal inhabited areas which are under the provisions of the Sixth Schedule to the Constitution of India are identified as Tribal Areas whereas the tribal inhabited areas

49 P.M. Bakshi, *op.cit*, pp 216-217,234-235 &358-359.

under the provisions of the Fifth Schedule are known as Scheduled Areas but not Tribal Areas.⁵⁰

Article 244(2) has been therefore created for the administrative functioning of the ADCs of the Sixth Scheduled areas. As a governmental set up, administrative functioning cannot be effectively carried into action without financial resources, the provision for financial assistance of the Tribal Areas is provided in Article 275 (1) of the Constitution of India. Article 275 (1) can also be stated as the solid background through which the ADCs obtain grants-in-aid from the Consolidated Fund of India through the concerned State Government. Article 275 (1) reads as “ Such sums as Parliament may by law provide shall be charged on the consolidated fund of India in each year as grants-in- aid of the revenues of such states as Parliament may determine to be in the need of assistance and different sums may be fixed for different states: Provided that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenue of a state such capital and recurring sums as may be necessary to enable that state to meet the cost of such schemes of development as may be undertaken by the state with the approval of the Government of India for the purpose of promoting the welfare of the Scheduled Tribes in that state or raising the level of administration of the scheduled areas therein to that of the administration of the rest of the areas of the state:⁵¹

Provided further that there shall be paid out of the Consolidated Fund of India as grant-in aid of the revenue of Assam sums, capital and recurring, equivalent to-

⁵⁰ Ibid

⁵¹ ibid

(a) the average excess of expenditure over the revenues during two years immediately preceding the commencement of this constitution in respect of the administration of the tribal areas specified in Part I of the table appended to paragraph 20 of the Sixth Schedule; and

(b) the cost of such schemes of development as may be undertaken by that state with the approval of the Government of India for the purpose of raising the level of administration of the said areas to that of the administration of the rest of the areas of the state.”⁵²

Article 275(1) therefore provided for the funding pattern of the states from the Consolidated Fund of India by the Parliament. It is laid down that funds shall be released from the Consolidated Fund of India by the Government of India to the States as grant-in-aid so as to enable the State Government to meet the expenditure for the works, undertaken by them. The provision for providing the Consolidated Fund of India as grants-in-aid of the revenue of the State Government to the ADCs has also been incorporated in Article 275 (1). It is clearly laid down in Article 275 (1) that the financial requirement of the ADC may be sanctioned from the Consolidated Fund of India through the State Government. Thus, the ADCs are not authorized to receive fund directly from the Central Government. As a matter of fact, the ADC cannot receive funds directly from the Central Government by bypassing the State Government because it is clearly stated in this provision.⁵³

52 Op.cit, pp A-336&337

53 Jangkhongam Doungel, *Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Area of Mizoram*, op.cit, p 141

FUNDING RULES OF AUTONOMOUS DISTRICT COUNCIL (ADC), FINANCED BY THE STATE GOVERNMENT

The Constitution of India has clearly mentioned the funding pattern and financial powers for the District Council and Regional Council areas in Paragraph 7 & 8 of the Sixth Schedule to the Constitution of India. It is written in Paragraph 7 that District Fund shall be constituted for District Council and Regional Fund shall be constituted for Regional Council and all funds received by the District Council and the Regional Council shall be credited in the District Fund and the Regional Fund respectively. The Governor shall make the rules for the management of District Fund and Regional Fund and the procedure to be followed in respect of payment of money into the said fund, the withdrawal of moneys therefrom, the custody of money therein and any other matter connected with or ancillary to the matters aforesaid.⁵⁴

The account of the District Council and the Regional Council are to be maintained as prescribed by the Comptroller and Auditor General of India with the approval of the President of India. The Comptroller and Auditor General of India shall cause the accounts of the District Council and the Regional Council to be audited in such a manner as he may think fit and the reports of the Comptroller and Auditor General relating to such accounts shall be submitted to the Governor who shall cause them to be laid before the Council. All revenue and income which District Council and Regional Council earned are deposited in the District Fund and

⁵⁴ P.M. Bakhi, op.cit, p 349

the Regional Fund respectively. Whereas, the estimated receipts and expenditure pertaining to an Autonomous District Council which are to be credited to, or is to be made from the Consolidated Fund of the State shall be first placed before the Autonomous District Council for discussion and then after such discussion, it shall be shown separately in the annual financial statement of the State which is to be laid before the Legislature of the state under Article 202.⁵⁵

In pursuance of Paragraph 7 (2) of the Sixth Schedule to the Constitution of India, the Governor of Mizoram approved the Mizoram Autonomous District Council Fund Rules, 2018 and it was published in the Mizoram Gazette on 23. 10. 2018. The funds which the Autonomous District Council (ADC) got from the Central Government through the State Government and the funds which are mobilized by the Autonomous District Council are to be spent according to the guidelines as listed in the said rules. The District Council Fund is constituted under Paragraph 7 subparagraph 1 of the Sixth Schedule to the Constitution of India, to which all funds received by the District Council shall be credited in accordance with the provisions of the Constitution of India. The fund shall accordingly comprise of the receipts realized by the District Council including Grant-in-Aid received from the Government and taxes levied or other revenues or receipts realized under the law, rules or regulations framed by the District Council under Paragraphs 3, 4, 6, 8, 9 and 10 of the Sixth Schedule to the Constitution of India. Further, the fund shall also include any liquid assets, surplus revenue, customary receipts, cash balance or bank balance etc. acquired by the District Council from the previous administrators of the

⁵⁵ Ibid, p.350

locality or area revenue or receipts accruing to the administration for the constitution of the District Council shall be realized thereafter. Any matter which is not covered by or under these rules shall be referred to the Governor and his decision thereon shall be final.⁵⁶

The annual account of the Councils (Autonomous District Council) shall record all transactions which take place during a financial year running from 1st April of a year to 31st March of the next year. The accounts of every year may be kept open up to 20th of June in the following year for completion of the various accounting process. Adjustments may also be made after the closure of the year owing to mispostings and misclassification coming to notice after the 31st March should not however be treated as pertaining to the previous financial year even though the accounts for that year may be kept open for the purpose mentioned above. The accounts of the ADCs shall be kept in two parts in which Part I deals with District Fund of the Council and Part II deals with Deposit Fund. In Part I of the Accounts, there shall be two main divisions namely

(a) Revenue Accounts: Revenue Receipts Heads (Revenue Accounts) and Expenditure Heads (Revenue Account). The first division, viz, 'Revenue Account' shall deal with the proceed of taxation and other receipts classed as revenue, and expenditure met there from. It shall also include the grants and contributions received from the Government, and also grants and contributions made by the Council.⁵⁷

56 The Government of Mizoram, Mizoram Autonomous District Council Fund Rules, 2018, the Mizoram Gazette, Extra Ordinary, Published by Authority, Volume XLVIII, 13.12.2018, Issue No. 149.

57 *ibid*

(b) Capital Account: Public Debt, Loans consisting of section for receipts heads (Capital Account) and expenditure heads (Capital Account) and Public Debt, Loans and Advances. The second division shall deal with expenditures met usually from borrowed funds with the objects either of increasing concrete assets of a material and permanent character or reducing recurring liabilities. It also include receipts of the capital nature intended to be applied as a set off to capital expenditure. The section of “Public Debt” and “Loans and Advances etc” shall comprise Loans received and their repayments by the Council and Loan and Advances made (and their recoveries) by the Council.

In Part II of the Accounts, the transaction relating to Deposit including contributory Provident Fund and other Fund and Advances shall be recorded. The transactions under ‘Debt’, ‘Deposits’ and ‘Advances’ in this part as such , in respect of which the Council incurs a liability to repay the money received or has a claim to recover the amount paid, together with the repayment of the former (Deposit) and the recoveries of the latter (Advance).⁵⁸

All funds pertaining to the District Council shall be held in the Treasury in the Personal accounts of the ADC. All dues of the ADC shall be paid into the District Fund held in the Treasury through the District Council office. All money of account of the District Fund shall be remitted in full with the least possible delay into the treasury and shall on no account be appropriated towards any expenditure. It is also provided in the rules that no money shall be withdrawn from the District Fund except by cheque on the Treasury signed by the Secretary. All corrections and alterations in

58 ibid

cheques shall be attested by the Drawing Officer with his full signature with date. All claims for grant-in-aid, contributions etc. to local bodies, customary, charitable, or educational institutions and other non Council bodies or person as sanctioned by the Council shall be presented to the Secretary. Thus, the detailed rules regulating the payment or grant-in-aid shall be prescribed by the Member-in-charge of Financial Affairs in consultation with the Accountant General (Accounts & Entitlement) and with the approval of the Governor. No person except the Secretary is authorized to draw the Council Fund without special orders of the ADC. The Secretary or Executive Secretary of the ADC shall also be responsible not only for the financial regularity of the transaction of the ADC but also for the maintenance of accounts of the transaction correctly and in accordance with the rules in force. The Executive Secretary may entrust the immediate control of the accounts of the ADC and the District Fund to the Finance and Accounts Officer but may not be divested himself of the administrative control.⁵⁹

The term “Contingent Charges” or “Contingencies” includes all incidental and other expenses which are incurred for the management of an office as an office or for the technical working of a department. The Secretary shall exercise the same vigilance in respect of contingent expenditure as a person of ordinary prudence may be expected to exercise in spending his own money. All charges actually incurred must be paid and drawn at one, and under no circumstances may they be allowed to stand over to be paid from the grant of another year. However, no money shall be drawn from the Treasury unless it is required for immediate disbursement. The rules

59 Jangkhongam Dounel, Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Area of Mizoram, op.cit.p.104

also further laid down that no payment can be made to a contractor, except for the work actually done or supplies actually received.⁶⁰ The rules laid down that all financial powers in respect of expenditure shall be exercised by the Executive Committee of the District Council. The District Council shall then prescribe the cases, if any, where the powers delegated to the Chief Executive Member shall be exercised with the concurrence of the Financial Affairs of the Council. In preparing the budget, care should be taken to see that the grants/contributions received from Government are utilized only for the purpose for which these were given by the Government. Any deviation considered necessary would require prior approval of the Governments. So, any unspent balance not utilized within the financial year of its sanction, the Grant by the Government must be surrendered. The Accounts of the District Council will be subject to audit by the Accountant General (Audit) on behalf of the Comptroller and Auditor General of India and by the Examiner of Local Accounts.⁶¹

The financial provisions which are accorded to the ADC as per the provisions of the Sixth Schedule are highlighted above and the ADCs are also empowered to mobilize their own resources by enacting appropriate legislations. The Mizoram District Council Fund Rule, 2018 was published in 13.12.2018. It is divided into Part VIII in which each Part consists of several chapters. All the three ADCs of Mizoram are using this Fund Rules as a guideline for their financial transaction with the State Government and for the financial governance within their jurisdiction. The

⁶⁰ Ibid ,p.105

⁶¹ The Government of Mizoram, Mizoram Autonomous District Council Fund Rules, 2018. op.cit

Autonomous District Council receive fund from the Consolidated Fund of India through the State Government as incorporated in Article 275 (1) of the Constitution of India. Paragraph 7 of the Sixth Schedule provided a provision for District Funds where all funds received by the ADC, shall be deposited. In pursuance of Paragraph 7 sub-paragraph (2) of the Sixth Schedule to the Constitution of India, the Governor of Mizoram enforced the Mizoram District Council Fund Rules, 2018. Besides these, Paragraph 8 of the Sixth Schedule give wide powers to the ADCs to assess and collect land revenue and to impose taxes. In this regard, the ADC can levy and collect (a) taxes on profession, taxes, callings and employment (b) taxes on animals, vehicles and boats (c) taxes on the entry of goods into a market for sale therein, and taxes on passenger and goods carried in ferries and (d) taxes on the maintenance of schools, dispensaries or roads. Over and above that , Paragraph 13 of the Constitution of India provide that estimated receipts and expenditure of the ADCs shall be shown and approved in the annual financial statement of the State Legislative Assembly as incorporated in Article 202 Of the Constitution of India.⁶²

Funding pattern of the Autonomous District Council is constitutionally based upon the provisions, provided in Article 275 (1) of the Constitution of India. This provision vividly signifies that ADCs get their funding from the Consolidated Fund of India through the State Government. Therefore, there is no diversion or no scope of getting fund directly from the Central Government bypassing the State Government for the ADCs. Over and above that, Paragraph 7 of the Sixth Schedule to the Constitution of India provides for District Fund where all monies received by

62 P.M. Bakshi. Op.cit.pp 234-235,349-350 &354

the ADCs shall be deposited. The ADCs are also facilitated with sources of income where taxes can be levied on different items in Paragraph 8 of the Sixth Schedule, but this very provision seem to be not effectively exercise by the ADCs. In fact, the ADCs are required to be strong in law-making in order to effectively exercise the power of collecting revenue and taxes. The ADCs are also facilitated where their estimated receipts and expenditure will be passed in State Legislative Assembly in Paragraph 13 of the Sixth Schedule of the funding pattern laid down in the Constitution and Mizoram Autonomous District Council Fund rules are effectively adhered, there seem to be no chance of mismanagement and misutilization of fund. Thus, the funding pattern and funding rules should be strictly enforced so as to create favorable atmosphere for effective functioning of the Autonomous District Council.

CHAPTER-3

FINANCIAL RELATIONSHIP BETWEEN THE STATE GOVERNMENT AND AUTONOMOUS DISTRICT COUNCIL

The Indian Constitution has elaborate provisions regarding the distribution of revenues between the Union and the States. Article 268 to 293 in Part XII deal with the financial relations between the Central Government and the State Government. Article 275 (1) of the Constitution of India provides for the funding pattern of the States from the Consolidated Fund of India by the Parliament. The funds shall be released from the Consolidated Fund of India to the states as grant-in-aid so as to enable the State Governments to meet their expenditure in the various development works undertaken by them. The 28 states of the Indian Union are of different categories with respect to resources, economic condition, living standard etc, therefore the funding pattern of the Central Government is also different depending upon the backwardness and economic development of the State. Special category state having no reliable resources of their own, like the North-Eastern States get around 90% of their budget from the Central Government. Accordingly, the State Government received grant-in-aid from the Central Government as incorporated in Article 275(1) and the ADCs get grant-in-aid under the same provision from the Consolidated Fund of India but only through the respective State Government. The ADCs of Mizoram therefore get their share of grant-in aid from the Central Government from the Government of Mizoram.⁶³

63 Jangkhongam Doungel, *Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Area of Mizoram*, ICSSR Major Research Project, Submitted in 2015, Unpublished, p. 142

The Government of Mizoram in pursuance of Article 275 (1) of the Constitution of India gives the three ADCs of the Mizoram, the grant-in-aid which are of two kinds-

1. Grant-in-aid for the normal administration under Non-Plan, and
2. Grants for specific developmental schemes under Plan.

Grant-in-aid (Non-Plan) for normal administration includes Salary, TA/DA, vehicle, office expenses, Remuneration of Village Councils, Buildings, etc. Grants for plan schemes are for developmental works such as Rural Communication, Sanitation, Water Supply, and Forests etc. The grant-in aid for normal administration and development which had been given by the Government is distributed among the three ADCs on population basis which is subject to revision.⁶⁴

In exercise of the powers conferred by paragraph 7 (2) read with paragraph 20 BB of the Sixth Schedule to the Constitution of India, read with Rule 20 of the Delegation of the Financial Power Rules, 1978 and with the approval of the Comptroller and Auditor General of India conveyed by the Accountant General of Assam, Meghalaya and Mizoram at Shillong Vide letter No.MTM/27-IV/88/831 Dt.15.2.91,the Governor of Mizoram made the following rules, governing grants-in-aid to the Autonomous District Council in Mizoram. The rule is called the Mizoram Autonomous District Councils (Grants-in-aid) Rules, 2018 and the rules mentioned in it are as follows:

64 H.C. Thanhanga.(2007).*District Council in the Mizo Hills(Updated)*.Aizawl:Lengchhawn Press,pp264 &265

The Governor from time to time, sanctions grants-in-aid to the District Council for running of administration as well as developmental activities in the various fields within the territorial jurisdiction of the District Council. The total grant-in-aids for a financial year shall be within the limit of the budget provisions made in this behalf, passed by the Legislative Assembly of the state of Mizoram. The grant-in-aid salary is sanctioned on a monthly basis and the non-salary may be sanctioned on a quarterly basis during the financial year. Grant-in-aid may be sanctioned in advance only on the satisfaction of the Governor that the grants could be released for incurring expenditure on specific items and for bonafide purpose. The Governor must be satisfied that the District Councils have the necessary ways and means to spend the amount of grants and utilize the same in the best interest of the people and that there is no likelihood of corrupt practice in the utilization of such grants for the purpose of which they are sanctioned.⁶⁵

The rules also mentioned that the grant-in-aid in the Capital Sector of outlay would be subject to specific and well worked out schemes to be scrutinized and approved by the respective Technical Departments under the District Council and the Governor shall have the right to cause inspection and supervision over the execution of such schemes by any officer or authority by the Governor on his behalf at such intervals as may be determined by the Governor. On receipt of the report of inspection, the Governor may issue such directions as may be considered necessary to the District Council to rectify any defects brought out in the inspection reports and the District Council Authorities shall be bound to carry out such directions. Only so

⁶⁵Government of Mizoram, Mizoram Autonomous District Council (Grant-in-aid) Rules, 2018, the Mizoram Gazette, Extra Ordinary, Published by Authority, Volume XLVIII, 1.3.2019, Issue No. 149.

much of grants shall be paid during any financial year as is likely to be expended during the year. The sanctioning authority shall use its direction in authorizing payment and according to the needs of the scheme. The Governor also have the power to withhold, keep in abeyance or suspend, at any time, any amount sanctioned as grant-in-aid in respect of any item or items for which such grants may be issued even after the amount has been credited to the District Fund of the District Council concerned.⁶⁶

The Executive Committee and the Chief Executive Member (CEM) shall be jointly and severally responsible for expenditure incurred in respect of grant-in-aid to the District Council. The Governor has the right to take suitable actions including legal actions against the CEM any or all the Executive Committee or against the Executive Secretary in case of any material, obtained against the norms and procedure these rules. The Executive Secretary is the controlling officer with regards to the grants-in-aid sanctioned by the State Government to the District Council and the District Council Authorities shall maintain separate accounts of the grant-in-aid given to them by the State Government and also shall maintain a register for the same in the form of Annexure-A of these rule, showing the accounts in respect of each scheme separately. Both the Executive Secretary and the Government shall have the right to call for and examine at any time the records of expenditure incurred by the District Councils of the grants-in-aid released in their favour.

With respect to every installment of grants, the Autonomous District Council authorities shall submit Utilization Certificate to the Government on half yearly basis

⁶⁶ Ibid

i.e. September and March of every financial year subjects to the provisions of Rule 18. A copy of such certificate should be sent to the Accountant General by the Autonomous District Council. Besides Utilization Certificate, it will be obligatory on the part of the Autonomous District Council administration concerned to keep the Government informed about the progress of utilization of the grant-in-aid from time to time by submitting Quarterly Progress Reports of expenditure and physical targets achieved. In addition to Quarterly Progress Report, the District Council shall submit before the 30th of June every calendar year, full progress report of expenditure and physical targets achieved, during the preceding financial year separately in respect of each scheme.⁶⁷

The rule further states that the District Council shall not divert any funds sanctioned for a specific purpose or for any other purpose. The ADCs neither shall nor re-appropriate any fund allocated under the sub-heads of 'Salary' and 'wages' for any other objects or purpose except with prior approval of the Governor. No grants-in-aid may be sanctioned or released except on the basis of the actual and immediate requirement of funds by the District Councils to be ascertained from the balances lying in their Personal Ledger Accounts. No grants-in-aid should be paid in cash from the treasuries but transferred to the Personal Ledger Accounts of the District Council which shall further be credited to the District Council Current Account for the drawal according to the immediate requirement.⁶⁸

67 Chakma Autonomous District Council, Records and Documents, Chakma house, 14th August, 2019.

68 Ibid

From the above it is clear that the Governor is the supreme authority with regards to the financial relationship between the State Government and the Autonomous District Councils. Without his prior approval, no financial transaction between the two could take place. With the approval of “The Mizoram Autonomous District Council Grants-in-Aid Rule 2018”, the previous grant-in-aid rule of 2003 is repealed. All the three ADCs of Mizoram now follow the grant-in-aid rule of 2018.

VARIOUS ISSUES IN THE FINANCIAL RELATIONSHIP BETWEEN THE STATE GOVERNMENT AND AUTONOMOUS DISTRICT COUNCIL (ADC) IN MIZORAM

The financial relationship between the State Government and the Autonomous District Council of Mizoram has been a relevant issue since the inception of Autonomous District Council after India’s independence. As per the proposal of the Cabinet Mission team headed by Sir Stafford Cripps, the Advisory Committee was constituted by the Constituent Assembly. The Advisory Committee then formed three sub-committees to study the status and conditions of tribal people in different regions so as to facilitate them with autonomy in the Constitution of India. As a result of the initiative taken up by the North East Frontier (Assam) Tribal and Excluded Area Sub-Committee or Bordoloi Sub-Committee after the name of the Chairman Gopinath Bordoloi, the provision of the Sixth Schedule to the Constitution was incorporated in the Constitution of India for upliftment, protection and for the better governance of the tribal areas of Assam. Under the provision of the Sixth Schedule to the Constitution of India, the Lushai Hills was given the Autonomous

District Council within the State of Assam and it was inaugurated on 26th April, 1952. The Pawi-Lakher Regional Council was also created the next year, which was, 1953 for the Pawi and Lakher tribe in the extreme south of the Lushai Hills. The uniqueness of the PRLC was that it was the only Regional Council, established under the provisions of the Sixth Schedule to the Constitution of India. After the formation of the Union Territory of Mizoram in 1972, the PRLC was trifurcated into three Regional Councils, namely, Pawi Regional Council, Lakher Regional Council and Chakma Regional Council on 2nd April, 1972 and the three Regional Council was upgraded to the status of Autonomous District Councils on 29th April 1972. Along with that, they are listed in Part III of the tribal areas in Paragraph 20 of the Sixth Schedule to the Constitution of India. Mizoram became the 23rd state of the Indian Union in 1986.⁶⁹

There are various factors or issues which lead to the constraint in financial relationship between the State Government and the Autonomous District Council of Mizoram. Some of the issues may be discussed as follows.

Enhancement of power in the context of Sixth Schedule Area of Mizoram implies allocation of additional subjects/departments to the ADC. The three ADCs of Mizoram from time to time demand higher political status and enhancement of power. Consequently enhancement of power to the three ADCs of Mizoram was done twice in 1993 and 2011. But enhancement of power does not fulfill the aspirations of the autonomy demands of the ADCs as it does not solve financial

69 Jangkhongam Doungel. *Evolution and Functioning to the Sixth Schedule of the Constitution of India in Autonomous District Council and Tribal Welfare (North East India)*, edited by Sukana Sarkar & Suman Kalyan Choudhury, Kalpazz Publications, Delhi (2014), p.26

dependency. The existence of parallel departments i.e. one under the State Government and another under ADC not only means semi-autonomy but also incurs duplicity of works, higher administrative costs, high salaries etc. and it also creates dissatisfaction on both side as the blame games on either side is found.

Political instability in the Sixth Schedule Area of Mizoram is a common phenomenon because political principle and political dynamism is lacking among the ADCs of Mizoram. Since the inception of the three ADCs, complete five years rule of a particular party under the leadership of a particular person was witnessed four times in MADC, thrice in CADC and once in LADC till now. Moreover change of Government was witnessed 17 times in LADC, 13 times in MADC and 11 times in CADC. One of the main reason behind the political instability and frequent defection of law-maker of the ADC is mainly to please the ruling parties in the State Government as it is responsible for the early or delay of funds. If the same party holds power in the District Council and in the State Government they maintain a cordial relationship but if different political parties holds power, restraint in their relationship is automatically experienced. All the three ADCs of Mizoram had demanded the status of Union Territory. Taking into account the backwardness of the area in general and the tribes in particular and also on the ground that they have been neglected from the mainstream, the demand for Union Territory could be cited as an outburst of the tribes of the Sixth Schedule Area of Mizoram as an expression of their dissatisfaction against the State Government.⁷⁰

70 Jangkhongam Doungel, *Autonomous District Councils- A study of the Implications of the Sixth Schedule in Mizoram in Mizoram, dimension and Perspective- Society, Economy and Polity*, edited J.K. Patnaik Concept Publishing Company, 2008, pp. 218-2219.

All the three ADCs of Mizoram has been demanding direct funding from the Central Government. This issue is one of the major issues raised by the three ADCs so as to fulfill their desire to gain financial independence from the State Government and to get fund directly from the Central Government bypassing the State Government. Funds received by the ADC through the State Government from the Consolidated Fund of India as grant-in-aid provided in Article 275 (1) is needed to be amended if this demand is to be achieved.

FINANCIAL TRANSACTION BETWEEN THE STATE GOVERNMENT AND AUTONOMOUS DISTRICT COUNCIL (ADC)

The functioning of the Autonomous District Council is like a miniature government in which all the three organs of the government-legislature, executive and judiciary are well-established and it also certifies that establishment of normal governmental set-up in the system. As highlighted already, the legislative is being represented by legislature of the ADC which comprises of Legislators known as Member of District Council (MDC) and the member of each MDCs is not the same in each ADC. The legislature of the ADC is headed by the Chairman and Deputy Chairman who is the replica of Speaker and Deputy Speaker of the State Legislative Assembly. The law making powers which are enshrined for the ADCs in the provision of the Sixth Schedule to the Constitution have been mainly exercised by the legislature of the ADCs. The executive of the ADC is represented by the Cabinet

known as the Executive Committee which comprises of the Chief Executive Member (ECM) and the Executive Members (EMs). The CEM is the replica of the Chief Minister of the State Government and the EMs are replica of the Cabinet Member of the State Government. The administrative branch is headed by Executive Secretary and officers of the various departments' functions under his provisions. The Executive Secretary is the replica of the Chief Secretary of the State Government and he is the top most bureaucrats in the ADC set up. The Executive Committee liked the Chief Secretary who is also Secretary of the Cabinet Meeting in the State Government. The judiciary comprises of the Court President and Recorder of the District Court who is assisted by Judicial Officers. The post of the President and the Recorder of the District Council Court is similar to the Chief Justice of the High Court and the status of the Judicial Officer can be compared to Judges of the High Court.⁷¹

The incorporation of Autonomous District Council in Sixth Schedule to the Constitution of India can be assumed as manifestation of the process of decentralization in Indian political system. The financial status in which the financial the financial transaction between the State Government and the ADCs are clearly mentioned in Article 275 (1) and in Paragraph 7, sub-paragraph (2) of the Sixth Schedule to the Constitution of India.

Article 275 (1) "Grants from the Union to certain states- (1) Such sums as Parliament may by law provide shall be charged on the Consolidated Fund of India

71 Jangkhongam Doungel.(2010).*Evolution of District Council autonomy in Mizoram*.Spectrum Publications, Guwahati: pp. 103-104.

in each year as grants-in-aid of the revenue of such state as Parliament may determine in need of assistance and different sums may be fixed for different states.

Provided further that there shall be paid out of the Consolidated Fund of India as grant-in-aid of the revenue of the States of Assam sums, capital and recurring equivalent to-

(a)The average excess of expenditure over the revenue during the two years immediately preceding the commencement of this Constitution in respect of the administration of the tribal areas specified in Part I of the table appended to paragraph 20 of the Sixth Schedule”

Article 275 (1) deals with the manner in which the funds for Autonomous District Council (ADC) would be sanctioned from the Consolidated Fund of India but it will be disbursed and released to the ADCs only through the State Government. As the various State Governments within Indian Union are financed and monitored by funds from the consolidated funds of India but the ADCs are not given constitutional rights to deal directly with the Centre Government in financial matters because it is clearly stated in the Constitution of India in Article 275 (1).⁷²As there are delayed in release of funds, sometimes by the stated Government to the ADCs, many complaints have often been raised by the ADCs of Mizoram towards the State Government. Besides financial issue, the State Government and the ADC also have conflicts in political issue, the State Government and the ADCs also have conflicts in political issues whenever there are different ruling party both in the State

72 P.M.Bakshi.(2006). *The Constitution of India*.Delhi: Universal Law Publishing Co.Pvt.Ltd. pp. 234-235.

Government and the ADCs. If both State Government and ADCs are ruled by the same party, there is no much problem and even if there are problems, the issues are not publicized if they are from the same party. The reason being, the prestige of the party in the eyes of the public is taken into consideration, however, whenever there are different ruling parties in both the governmental set-ups, every arising issue will be publicized to the public. Out of the many issues where the State Government and the ADCs are in conflicting situation, the crux of the problems lies in financial issue. In such way, blame game is going on between the State Government and the Autonomous District Council (ADCs) on this very financial issue. The ADCs even went to the extent of raising their grievances even to the Centre Government and raise the issue of obtaining fund directly from the Centre Government without channelizing it through the State Government.⁷³

Paragraph 7, sub-paragraph (1) of the Sixth Schedule to the Constitution of India provides a provision for District Fund and Regional Fund, and the provision for management of the District Fund or Regional Fund is incorporated in Paragraph 7 sub-paragraph (2). It is incorporated in Paragraph 7, sub-paragraph (2) of the Sixth Schedule to the Constitution of India, “The Governor may make rules for the management of the District Fund, or, as the case may be, the Regional Fund and for the procedure to be followed in respect of payment of money into the said Fund, the withdrawal of money therefrom, the custody of money therein and any other matter connected with or ancillary or the matters aforesaid”.

73 Op.cit, p 225

In pursuance of Paragraph 7 (2) of the Sixth Schedule to the Constitution of India, the Governor makes rules for the financial transaction between the State Government and the Autonomous District Council of Mizoram known as “The Mizoram Autonomous District Council Fund Rules” and “The Autonomous District Council Grant-In-Aid (GIA) Rule”. This fund rules serve as a guiding principle for the transfer of funds from the State Government to the Autonomous District Council as per the provision of the Constitution of India.⁷⁴

It should however be stated that good provisions, provided in Article 275(1) and Paragraph 7 of the Sixth Schedule to the Constitution of India have not been observed in good faith in many instances. In pursuance of the two given constitutional provisions, the Administrator of Mizoram framed rules known as “The Mizoram Autonomous District Council Fund Rules” and “The Autonomous District Council Grant-In-Aid (GIA) Rules”, however, the said Fund Rules have also been not observed effectively both by the State Government and the ADCs. Consequently, the ADCS went to the extent of demanding Direct Funding which in the interpretation of the ADC leaders means direct flow of both plan and non-plan funds by the Centre Government to the ADCs bypassing the State Government; yet, positive response has not yet been given by the Centre Government in the Direct Funding demand of ADCs. The top bureaucrats and Ministers of the Centre Government whom the ADC leaders met in regards to Direct Funding replied to the ADC leaders for village empowerment and empowering the Village Councils through Panchayati Raj funds but not for the positive response of direct release of

⁷⁴ Op.cit, pp. 349-350

both the plan and non-plan funds. It should also be noted that the issue of Direct Funding which the ADC leaders of Mizoram raised in every election is a hollow issue which has no constitutional validity and it is also a complex step to be achieved. Thus, the hollow issue of Direct Funding is often raised and it disturbs the politics of Mizoram from time to time but it is raised by the ADC leaders out of frustrations due to financial tussle with the State Government, It should also be noted that both the State Government and ADCs are not blameless in the blame game of charge and counter charges with regards to funding and other issues, Thus, the State Government and Autonomous District Councils should be conscious of the constitution, rules, norms and procedures and both should fulfil the tasks which are respectively assigned to it.

CHAPTER-4

ISSUES CONCERNING FUNDING

The Sixth Schedule to the Constitution of India provides legislative, executive, judicial and financial powers to the Autonomous District Councils within its jurisdiction. According to the provision, structural organization of the Autonomous District Council of Mizoram is broadly categorized into three as legislative, executive and judiciary. In pursuance of paragraph 2 (6) of Sixth Schedule to the Constitution of India, “The Mizoram Autonomous District Council (Constitution and Conduct of Business) of the District Council Rules, 1974, was made by the Administrator of Mizoram and became the guiding principle in the governance of the Autonomous District Council of Mizoram.”⁷⁵

SOURCES/TYPES OF FUNDS RECEIVED BY THE AUTONOMOUS DISTRICT COUNCILS (ADC)

The Autonomous District Councils are responsible for framing rules for management of finances with the approval of the Governor. Paragraph 8 of the Sixth Schedule to the Constitution of India give Autonomous District Council mutually exclusive powers to collect land revenues, levy and collect taxes on lands, holdings, shops, entry of goods into market and tolls etc within their respective jurisdictions. But the Autonomous District Council has concurrent power on to levy and collect taxes on professions, trade, callings, employments, animals, vehicles and huts, tolls

⁷⁵ Jangkhogam Doungel. (2010) Evolution of District Council Autonomy in Mizoram, Guwahati: Spectrum Publications ,p 181

on passengers, and goods carried in ferries and maintenance of schools, dispensaries or roads. However, taxes enshrined in Paragraph 8 which are to be collected by the ADCs seem to be not yet effectively exercised by the ADCs of Mizoram. Provision for the collection of taxes has been facilitated to the ADCs enabling them to mobilize their own resource to meet at least some of their financial requirement. The three ADCs of Mizoram indeed collect taxes and revenues on subjects specified in Paragraph 8 of the Sixth Schedule to the Constitution. Yet, it is not certified whether taxes on the specified subjects are collected effectively. Over and above that, whether the amount of taxes collected on the specific subjects has been judiciously exercised by the ADCs or not also raised some questions. The intension and spirit of the provision is that the power to asses and collect land revenue and to impose tax will also inculcate the feeling of revenue mobilization to the ADCs, where the ADCs may also practicably learn self-reliance in their financial needs. To enable transparency and financial management, the account of the ADCs have been annually audited by the Comptroller and Auditor General of India. Thus, the ADCs should also try to mobilize their resources effectively and they should also see that whatever they mobilized and collected have been used effectively in the right tract. It is incorporated in Paragraph 9, sub-paragraph (1) of the Sixth Schedule to the Constitution of India that licenses on leases for the purpose of prospecting for, on extraction of minerals within the ADC area shall be shared by the State Government and the concerned ADC. In case if the State Government and the ADC cannot come to any agreement, it is enshrined in Paragraph 9, sub-paragraph (2) of the Constitution of India that it shall be referred to the Governor and the decision taken by the Governor in his discretion shall be final. Whereas with regard to taxes on

vehicles, the ADCs are requested to make appropriate laws which would only be effective after the assent is given by the Governor.⁷⁶ It is evident that the ADCs of Mizoram did not collect motor vehicle taxes from commercial vehicles coming from across the boundary of the ADCs for about thirty years because they did not make appropriate laws in this regard. Hence, it should be noted that even if extensive power are given to the ADCs and other Councils under the provision of the Sixth Schedule to the Constitution of India, they cannot exercise their constitutional power if they do not make appropriate laws.⁷⁷.

FUNDING FROM THE CENTRAL GOVERNMENT AND THE STATE GOVERNMENT

Article 244(2) of the Constitution of India deals with the application of the Sixth Schedule to the Constitution of India in tribal areas of Assam, Meghalaya, Tripura and Mizoram. It can be stated as the solid constitutional background for the establishment of ADCs and other councils under the provision of the Sixth Schedule to the Constitution of India. Article 275 (1) on the other hands deals with how funds are distributed to the different states and how the ADCs would receive their funds from the Consolidated Fund of India through their respective State Government. Article 275 (1) therefore provided for the funding pattern of the States from the Consolidated fund of India by the Parliament. It is laid down that funds shall be released from the Consolidated Fund of India by the Government of India to the

76 P.M. Bakshi.(2006). The Constitution of India. New Delhi: Universal Law Publishing Co. Pvt Ltd,pp 350-351

77 Interview with Mr. Purno Kumar Tonchangya ,Liaison Officer, CADC, Aizawl on 15th November,2019.

State Government to enable them to meet the expenditure of developmental works undertaken by them. The ADCs of Mizoram get their share of grant-in-aid from the Central Government from the Consolidated Fund of India through the State Government.⁷⁸ In pursuance of Article 275 (1) the Constitution of India, funds released from the Central Government to the State Government in the form of the Consolidated Fund of India as grant-in-aid and is distributed to the three ADCs of Mizoram by the State Government. The amount of grant-in-aid fund received by the three ADCs of Mizoram from the State Government vary according to the size of their area. Lai Autonomous District Council being the largest received more funds than the other two ADCs i.e. Mara Autonomous District Council and Chakma Autonomous District Council. Other than grant-in-aid the Autonomous District Council also receive funds from the Centrally Sponsored Schemes such as Border Region Grant Fund (BRGF), Border Area Development Programme (BADP), Agricultural Technology Management Agency (ATMG), Integrated Watershed Management Programme (IWMP), Rashtriya Sam Vikas Yojana (RSVY) and Mahatma Gandhi Rural Employment Guarantee Act (MNREGA), Indira Awaas Yojana (IAY), Swarnjayanti Gram Sworozgar Yojana (SGSY), Pradhan Mantri Gram Sadak Yojana (PMGSK).⁷⁹

FUNDING FROM OTHER SOURCES

⁷⁸ P.M. Bakshi, op.cit.pp 234-235.

⁷⁹ Op.cit, interview with Mr. Purno Kumar Tonchangya, Liaison Officer, CADC.

Other financial sources include the various taxes levied by the Autonomous District Council under their jurisdiction, the power given by them by Paragraph 8 of the Sixth Schedule to the Constitution of India. According to Paragraph 8 the ADCs can levy the following taxes

- Taxes on profession, trade, callings and employments;
- Taxes on animals, vehicles and boats;
- Taxes on the entry of goods into a market for sale therein, and tolls on passengers and goods carried in ferries and
- Taxes for the maintenance of schools, dispensaries or roads.

In pursuance of the power provided to the Autonomous District Council in Paragraph 8 of the Sixth Schedule to the Constitution of India all the three ADCs of have made regulations to provide for the levy and collection of taxes. In an interview with K.Beichhua, Liaison Officer of the MADC, rules and regulations have been passed by the District Council Legislature from time to time but only a few are effectively enforced, he said.⁸⁰ Each of the ADCs has its office at Aizawl where it is also utilized guest house. The money's received from the guest house also added to the income of the ADCs.

DIRECT FUNDING

Direct Funding can be said to be one of the most popular and never ending issue raised by the leader of Autonomous District Council of Mizoram. The

⁸⁰ Interview with Mr. K Beichhua, Liaison Officer.MADC Aizawl on 25th October, 2019

background of the issue of Direct Funding can be traced back to the time when the then Prime Minister of India Rajiv Gandhi visited Mizoram in 1987 where he delivered a speech at Lawngtlai with regards to the promotion of grassroots level governance in the State especially in the Sixth Schedule Area. Rajiv Gandhi delivered a speech at Areopagi, Lawngtlai in 1987 and mentioned that villages should be empowered with Panchayati Raj. Rajiv Gandhi knew that Village empowerment was the foundation of for overall development of the country. So, he deliberated in his speech that village should be empowered with more funds and village empowerment should be centralized with Panchayati Raj fund. The focus of the Prime Minister in his speech was village empowerment and there was no mention of direct release of fund to the ADCs bypassing the State Government. He also did not mention about direct release of plan and non plan fund to the ADCs by the Central Government bypassing the State Government. However, this historic speech of Prime Minister Rajiv Gandhi is interpreted by the leaders of the Autonomous District Council in their own version and therefore it creates tension in their relation with the State Government and it also disturbs the political atmosphere of Mizoram where there are war of words between the Sixth Schedule area and the rest of the State on this issue which will never be accomplished. Direct Funding in simple word means the process of getting funds directly from the Central Government by the ADCs bypassing the State Government, instead of getting the fund indirectly from the Central Government, through the State Government which is done in pursuance of Article 275 (1) of the Constitution of India⁸¹

81 Jangkhongam Doungel, *Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Areas of Mizoram*, ICSSR Major Project, Submitted in 2015, unpublished, p. 127.

The ADCs of Mizoram have the expectation to be upgraded to the State or Union Territory like status where they will be in a position to directly deal with the Central Government with regard to finance and other related issues. In fact, the Central Government so far has not responded positively on the demand of the ADCs of Mizoram. The Cabinet Committee on Political Affairs (CCPA) had prepared and circulated a draft to the concerned Ministers stating that the Ministry of Finance had not favored Direct Funding from the Central Government to the autonomous government on the ground that such arrangement would be ultra vires to the provision of the Constitution of India as the State-Central financial relations are governed by Article 266 which provide for the transfer of funds only between the Consolidated Fund of India and the Consolidated Fund of the respective State. Article 266 incorporates the Consolidated Fund of India, Public accounts of India and Consolidated Fund of the State. It is stated that all revenue received by the Government of India, all loans raised by the Government of India by issue of the treasury bill, loans and ways and means and money received by government in repayment of loans shall constitute in Consolidated Fund of India. Likewise all revenue received by the government of the State, all loans raised by government of a state by the issue of treasury bill, loans and ways and means of advances and all the money received by the state in repayment of the loan shall form the Consolidated Fund of the state. Article 277 incorporates that Parliament may by law establish Contingency Fund of India which shall be placed at the disposal of the president of India to be enable to advances to be made by him out of such funds for meeting unforeseen expenditure such as supplementary additional or excess rants on the basis

of Article 115 and votes on account, vote of credit and exceptional grants on the basis of Article 116 of the Constitution of India.⁸²

It should be noted that the constitutional provisions enshrine only Consolidated Fund of India through the State Government to the ADCs. However, Public Accounts of India and Contingency Fund of India are not constitutionally guaranteed to the ADCs. Consolidated Fund of India is the only financial resources guaranteed to the ADCs but this utopian demand of Direct Funding. This also encroaches on the delicate Centre-State relations. As history repeat itself, the issue of Direct Funding repeated itself in every election whether it be Lok Sabha, Vidhan Sabha, District Council and Village Council. Thus, the people of the Sixth Schedule area are continually lulled by this utopian political slogan in every election. Though a demand which is outside the constitutional provision can be included inside the Constitution through constitutional amendment, the process and procedure is vexed and complicated.⁸³ At the same time, it cannot be claimed that Direct Funding may not be achieved as it depends on political decision. Therefore, it is necessary to study Direct Funding as in the version of the ADCs of Mizoram and how it is written in the Constitution and the issues which led to the demand for Direct Funding by the ADCs will be discussed below.

DIRECT FUNDING IN THE VERSION OF THE ADCs OF MIZORAM

82 P.M. Bakshi ,op.cit, pp 120 & 231-232

83 Jangkhongam Doungel, *Politics of Regionalism and the Issue of Direct Funding in the Sixth Schedule Area of Mizoram*, op.cit, pp 138-139.

The ADC leaders of the Sixth Schedule Area of Mizoram defined Direct Funding as receiving grants or grant-in-aid (plan and non plan) directly from the Central Government bypassing the State Government. Their demands also include direct receipt of both the plan and non-plan money including the Centrally Sponsored Schemes (CSS) from the Planning Commission of India to the ADCs bypassing Government of Mizoram. ⁸⁴In the recent years, Direct Finding has been defined as “separation of allocation of funds”, in which the ADCs will receive funds through the State Government but the funds will be allocated by the Central Government separately for the ADCs. This view is also advocated by prominent ADCs politician like Hiato, former MLA, C. Ngunlianchunga, MLA and former CEM of LADC and Zachono former CEM of MADC among others. Leaders of the ADCs are of the view that the delay for the release of funds by the State Government and other financial lapse may be avoided if funds are directly released by the Central Government to the ADCs. They also expect that they may no longer be at the mercy of the State Government if they get Direct Funding from the Central Government. So, they pressurize the Government of India in general and the Indian National Congress in Particular to fulfill their demands. In fact, the slogan of Direct Funding originated from the political imagination of certain political leaders of the ADC Area and it was further propagated with political eloquence and political propaganda. Thus, the desire and aspirations of the leaders began to be eulogized for the higher political status of the ADCs and for fulfillment of meaningful socio-economic development works in the area.

⁸⁴ Interview with Mr. K.Beichhua, Liaison officer, MADC Aizawl on 25th October 2019.

CONSTITUTIONAL PROVISION OF FINANCIAL AID TO THE AUTONOMOUS DISTRICT COUNCIL.

The Autonomous District Councils (ADCs) are facilitated with legislative powers in Paragraphs 3,10,11,12 and 13: executive powers in Paragraph 6 and 8: judicial powers in Paragraphs 4 and 5 and financial power in Paragraphs 7 and 13 of the Sixth Schedule to the Constitution of India. The ADCs of Mizoram are handed over 18 subjects to enable them to govern their areas as well as to undertake socio-economic development works. The financial relationship between the State Government and the ADCs are based upon the provision of Article 275(1) and Paragraphs 7 and 13 of the Sixth Schedule to the Constitution of India.⁸⁵

Paragraph 13 of the Sixth Schedule to the Constitution of India stated that “Estimated receipts and expenditure pertaining to autonomous districts to be shown separately in the annual fiscal statement –The estimated receipts and expenditure pertaining to the autonomous district which are to be credited to, or is to be made from, the Consolidated Fund of India shall be placed before the District Council for discussion and then after such discussion to be shown separately in the annual fiscal statement of the State to be laid before the Legislature of the State under Article 202” whereas Article 202 relates to the annual financial statement of the State. Article 202 (1) states, “The Governor shall in respect of every financial cause to be laid before the House or House of the Legislature of the State a statement of the estimated receipts and expenditure of the State for that year, in this part referred to as the annual financial statement”, it should be noted that financial resources of the country

⁸⁵ P.M.Bakshi, op.cit, pp. 344 -354.

cannot be mobilized and utilized without the prior approval of the Parliament. Likewise, financial resources or may be grant-in-aid from the Central Government also cannot be harnessed or mobilized without the prior approval of the Legislative Assembly of the State.⁸⁶

Article 275 (1) of the Constitution of India can be said to be the solid background in which the ADCs obtain grant-in-aid from the Government of India through the State Government. The article states that such sums as Parliament may by the law provide shall be charged on the Consolidated Fund of India in each year as grant-in-aid revenue of such sum as Parliament may determine to be in need of assistance. Article 275 (1) therefore provided for the funding pattern of the states from the Consolidated Fund of India by the Parliament.⁸⁷ There is no constitutional provision for the direct receipt of fund by the ADCs from the Government of India. ADCs can get their grant-in-aid only through the State Government. Direct Funding as demand and claimed by the ADCs of Mizoram can only be ascertained by amending Article 275 (1) of the Constitution of India. Therefore, so long as amendment for Direct Funding provision is not accomplished through Constitutional amendment of Article 275(1) of the Constitution of India, the so-called Direct Funding will remain a political dream having a utopian character.

ISSUE OF DIRECT FUNDING

86 *ibid*

87 *Ibid*, pp 234-235

The Sixth Schedule area of Mizoram has three Autonomous District Council such as Chakma autonomous District Council (CADC), Lai Autonomous District Council (LADC) and Mara Autonomous District Council (MADC) and the Local Government which can be found in the Sixth Schedule to the Constitution of India are District Council, Town Committee and Village Council. Town committee has not yet been established in any of the District Council of Mizoram. Thus the Village Councils, established at the grassroots level in the village is the only viable local self government all over Mizoram including the Sixth Schedule area. It should be noted that the genesis of Direct Funding issue could be traced back to the proposal of village empowerment. It can be further elaborated that Paragraph 3 sub-paragraph (1) (e) of the Sixth Schedule to the Constitution of India enshrines power to the Autonomous District Council to establish Village Council and Town Committee. In fact, the provisions for the establishment of Village Council has been fulfilled since the Pawi-Lakher Regional Council era by the enactment of the Pawi-Lakher Regional (Village Council) Act of 1954.⁸⁸ As a result of that Village Council was established in each village in PRLC to replace the administration of the Chiefs. And after trifurcation of the PRLC in to three regional council, each ADC enact the Village Council Act and improve upon the act of the PRLC. As such Village Council functions successfully and effectively both in the Sixth Schedule and non-Sixth Schedule Areas of Mizoram. However, the provision of Town Committee is not yet fulfilled by any of the ADC in Mizoram. The Lai Autonomous District Council

88 R.T. Hnialum, *Collection of Pawi-Lakher Regional Council Acts, Rules and Regulations, Lai Autonomous District Council*, 1991, p 67

enacted the Pawi Autonomous District Council (Town Committee) Act, 1974⁸⁹ but the Chakma Autonomous District Council and the Mara Autonomous District Council have not even enacted the provision. It should also be noted that some financial resources may not be convenient to enact in urban areas as Town Committee or Municipality is not yet established. Therefore, establishment of urban administration with Town Committee or Municipality is now the requisite step which should be taken by the three ADCs of Mizoram.

Village Council is administratively looked after by the Local Administrative Department (LAD) both in the Sixth Schedule and non-Sixth Schedule Areas of Mizoram. LAD of the state however have no say in the Sixth Schedule Area where the ADC have their own LAD which govern the Village Councils. Further each of the 3 ADCs have their own acts and rules for the functioning of the Village Councils. Thus LAD in each ADC looks after the village administration and sanitation as provided in Paragraph 3, sub-paragraph 1 (e) and (f) of the Sixth Schedule to the Constitution of India. Village council as local self government, facilitated with three organs of government at the local level is an important agency which creates the feeling of law abidingness in the mind of the people. It is also a good training ground for giving political education to the people because it creates political awareness and make the people familiar with parliamentary democratic system. Election of the Village Council ensures democratic spirit at the grassroots level and it intensifies the active participation of political parties. It is worth mentioning that every village, having a Village Council is a multi-member constituency where a limited voting

89 R.,T Hnialum, Road to Pawi Autonomous District Council, Lai Autonomous District Council, 1988, p. 37.

system is practiced. So, every voter has the number of votes, which are equal to the number of elected members in the Village Council.⁹⁰

Village is the background of Indian Civilization on general and the tribal of the Northeast India in particular. The existence and practice of Panchayat at the village level as mentioned in mainland India since ancient time. With regard to the tribals of Northeast India, people were grouped and governed in village as political unit. Therefore, each tribal village had a chief who governed the village administration and protected the village people. When the institution of Chieftainship was abolished in the Lushai Hills, villages which were established by the chiefs could not be abolished as abolition of villages would lead to destruction of tribal social life. Subsequently, Village Council was established to replace the Chief in administering the village and to meet the needs and requirement of the villagers. The Village Council may lack certain qualities of the Chiefs with regards to sacrifice, devotion and ownership, however, the Village Council happen to be the only reliable grassroots administrative set up at the local level in Mizoram. Village Council of every village happened to be the main channel of communication between the villagers and different levels of the government. So, all developmental schemes, of the District Council, State Government and the Central Government are channelized and implemented finally only through the Village Council because the Village Council is the responsible Government at the local level.⁹¹

90 Jangkhongam Dounel, Evolution of District Council Autonomy in Mizoram, op.cit, pp.130-132.

91 Jangkhongam Dounel. (2015). *Lai Chieftainship and its Impact in Politics*. Delhi: Balaji Publications, pp. 201-206

The political leaders of the Sixth Schedule areas continuously raised their grievances to the Central Government in various ways highlighting the negligence of their area and lack of socio-economic works in the area. Many memoranda have been submitted to the Central Government by the leaders of the Sixth Schedule Area of Mizoram demanding higher political status, Direct Funding and Union Territory. In the meantime, top leaders and bureaucrats of the Central Government visited the Sixth Schedule area of Mizoram and they felt that funds, allocated for village development were not properly utilized as they ought to be. Thus, the necessity of empowering the village and the making the village and Village Council to be more responsible and more accountable came into the minds of the Central leaders. As such, the Centre leaders felt that the panacea lies in empowering villages.

The Ministry of Home Affairs have pointed out that after the implementation of the 73rd and 74th Constitutional Amendment Acts which are not applicable to the Sixth Schedule Area, large scale administrative and financial powers have been delegated to local bodies constituted all over the country except the Sixth Schedule Areas. It is reported that financial and administrative autonomy to the local bodies/ Panchayati Raj Institution (PRI) have become much greater than the autonomous bodies constituted under the Sixth Schedule. In this context, the National Commission to Review the Working of the Constitution (NCRWC) and Administrative Reforms Commission has made certain recommendation for strengthening Panchayati Raj Institutions (PRI) in the Sixth Schedule Areas. The NCRWC had made recommendation vide No.9.23 (i) to (iii) to develop political powers with precautions to maintain traditional institution in the Sixth Schedule

Areas. It also recommended the entrustment of subjects recommended in the Eleventh and Twelfth Schedules (already given to PRIs) to the ADC for their administration, evolving a process of central funding for plan expenditure to the Council directly instead of routing all funds through the State Government, safeguard for minority and micro-minority, protection of their tradition and also bringing in gender representation etc.⁹²

Rajiv Gandhi during his visit at Lawngtlai in 1987 indeed mentioned about direct flow of fund to village of the Sixth Schedule Area, however, his statement was based upon the concept of Panchayati Raj. Thinking the difficulties and problems faced by villages of Mizoram in general and the Sixth Schedule Area in particular, he suggested an amendment and enactment of the Village Council system in line with the provision of Panchayati Raj which might enable village of the Sixth Schedule Area to receive Panchayati Raj fund directly from the Central Government. Thus, the Direct Funding, mentioned by Rajiv Gandhi in 1987 concerned with village empowerment and adoption of Panchayati Raj system in the village administration set-up but it did not directly deal with Direct Funding of both the plan and non-plan budget (Grant-in-aid) of the Autonomous District Council by the Central Government. Panchayati Raj Institution (PRI) was recommended for village administration in Mizoram by social science scholars since the early eighties. Subsequently, the various commission, research teams and core teams, formed by the Government of India for specific analysis of the powers of the ADCs pertaining to

92 Government of India, A Consultation Paper on Empowering and Strengthening of Panchayati Raj Institutions/ Autonomous District Council/ Traditional Governing Institutions in North East India, National Commission to review the Working of the Constitution , Vishan Bhavan annex, New Delhi, 2001, pp. 54&55.

village empowerment had also recommended adjustment of the village administration as per the PRI guidelines. Thus, PRI and village empowerment happened to be the core issue of the so-called Direct Funding issue, from which, the ongoing issue of Direct Funding was further propagated in different dimensions with exaggeration and propaganda.

CHAPTER-5

CONCLUSION

Before the annexation of the Lushai Hills by the British in 1891, it was the domain of the chief and there was no regular administrative set up in the territory. Sailo chiefs, other Lusei chiefs and chiefs of other Zo ethnic group were the ruling authority in the North Lushai Hills and Lunglei region of the South Lushai Hills, whereas, Lai chiefs and Mara chiefs were the ruling authority in the extreme south of the Lushai Hills which later came to be known as Pawi-Lakher Region. After the British conquest, the territory was divided into two administrative sub divisions, such as, North Lushai Hills under Government of Assam and South Lushai Hills under the Government of Bengal for administrative convenience of British imperialism. The Chin-Lushai Hills Conference held on 29th January, 1892 at Calcutta decided to unify the North Lushai Hills and the South Lushai Hills into Lushai Hills District under the jurisdiction of the province of Assam. Subsequently, the North Lushai Hills and the

South Lushai Hills were amalgamated into Lushai Hills Districts. Then, the Lushai Hills District was therefore brought under the administrative control of the Government of Assam with effect from 1st April, 1898.

On 3rd January 1921, the Governor-General in Council declared the Lushai Hills District as “Backward Tract”. But later on the Government of India Act 1935 gave up the terminology “Backward Tract” and instead describes the area as “Excluded Area” as found in section 311(1) of the Act. In pursuance of the provisions of Section 91(1) of the Government of India (Excluded and Partially Excluded Areas) Order, 1936, the Lushai Hills District was declared as an excluded area.

The Cabinet Mission comprising of three British Cabinet Ministers under the leadership of Sir Stafford Cripps came to India in 1946 to discuss the transfer of power from the British government to the Indian leadership, with the aim of preserving India’s unity and granting its independence. The mission suggested that there should be an Advisory Committee on the Rights of the Citizens, Minorities and Tribal of Excluded Areas to make proposals for the administration of the tribal areas. Sir Stafford Cripps said that an influential committee should be set up to make the proposals for the administration of the tribal areas. Accordingly, the Constituent Assembly set up an Advisory Committee in terms of the Cabinet Mission statement of 24th May 1946 on 24th February 1947. This committee appointed sub-committee known as the North Eastern Frontier (Assam) Tribal and Excluded Areas Committee with Gopinath Bordoloi the then Chief Minister of Assam as its Chairman.

The Bordoloi Committee and members of the Constituent Assembly visited Aizawl in April 1947. Besides visiting the Lushai Hills, the Bordoloi Committee also extensively toured the North Cachar Sub-Division, Mikir Hills and the Naga Hills District and submitted its report to Vallabhai Patel, Chairman, Advisory Committee on Fundamental Rights etc. The report dealt with the various aspects relating to the administration of the tribal areas. The report also recommended the establishment of District Council and Regional Council for tribal areas of the then undivided Assam. The Advisory Committee discussed the matter on 7th December 1947 and 24th February 1948 and suggested only two amendments while forwarding the report to the President of the Constituent Assembly on 4th March 1948.

The Constituent Assembly finally considered the matter on 5th, 6th, and 7th September 1949. There was animated discussion in the Constituent Assembly on the Bordoloi Committee Report. After a long and heated debate and after certain amendments were made, the Sixth Schedule finally emerged and found place in the Constitution along with articles 244(2) and 275(1). Article 244(2) states about the application of the provisions of the Sixth Schedule in the tribal areas of Assam, Meghalaya, Tripura and Mizoram. Whereas Article 275(1) state about the release of fund from the Consolidated Fund of India as grant-in-aid to tribal areas through the State Government.

After the Indian Constitution was brought into force, the immediate formation of the District Council in the Hill District was not possible and so, the government initiated moves to set up an Interim Advisory Council in the Hills District of Assam. An Advisory Council election was held for the Chiefs for electing their

representative on 23rd March 1948 and for the commoners for electing their representative on the basis of adult franchise on 15th April 1948 in Lushai Hills. The Lushai Hills Advisory Council was later on changed into Lushai Hills Advisory Committee in 1949 and it functioned as Interim District Council till the formation of the District Council.

The Lushai Hills Autonomous District Council was finally inaugurated on 26th April, 1952 at Aizawl by Bishnuram Medhi, the then Chief Minister of Assam. Consequently, the Lushai Hills District Council came to be known as the Mizo District Council since 1954 as a result of the enactment of the Lushai Hills District (Change of Name Act, 1954) by the Indian Parliament. On the other hand, a Regional Council called the Pawi-Lakher Regional Council (PLRC) with headquarters at Saiha was inaugurated by Ch.Saprawnga , the then Parliamentary Secretary to the Government of Assam on 23rd April 1953 at Lunglei. The PLRC continued to function till it was further trifurcated into three Regional Councils, namely, the Pawi Regional Council(PRC), the Lakher Regional Council (LRC) and the Chakma Regional Council (CRC) .

The process for abolition of the Mizo District Council began with creation of Union Territory in Mizoram. With the attainment of the Union Territory status by the Mizo District as “Mizoram”, the three Regional councils were subsequently upgraded to the status of full- fledged Autonomous District Council with effect from 29th April, 1972. The Mizo District Council was deleted from Part A of the Sixth Schedule to the Constitution of India with effect from 29th April, 1972. However, the ruling party of the then Mizo District Council was scheduled to continue as the

caretaker government till the formation of the legislature of the Union Territory. The Pawi Regional Council came to be known as Pawi Autonomous District Council, the Lakher Regional Council as Lakher Autonomous District Council and the Chakma Regional Council as the Chakma Autonomous District Council with effect from 29th April, 1972. Despite the identification of Lai as “Pawi” and Mara as “Lakher” in Mizoram, the Lais and the Maras regarded the popular terms “Pawi” and “Lakher” as an insulting term. They demanded for change of their District Council name after their ethnic original name. As a corrective measure for fulfilling the long cherished dream of the people, the appellation “Pawi” was changed into “Lai” and “Lakher” into “Mara” in the Sixth Schedule provision of the Indian Constitution by amendment of the constitutional provision by the Indian Parliament in 1988. However the name of the tribes is still listed as Pawi and Lakher in Scheduled Tribe List of the State.

The Autonomous District Councils (ADCs) are facilitated with legislative powers in Paragraphs 3,10,11,12 and 13: executive powers in Paragraphs 6 and 8: judicial powers in Paragraphs 4 and 5 and financial power in Paragraphs 7 and 13 of the Sixth Schedule of the Constitution of India. The ADCs of Mizoram are handed over 18 subjects to enable them to govern their areas as well as to undertake socio-economic development works. The financial relationship between the State Government and the ADCs are based upon the provision of Article 275(1) and Paragraphs 7 and 13 of the Sixth Schedule to the Constitution of India.

Paragraph 7 of the Sixth Schedule incorporates the creation of the District Fund where the money received by the ADC should be deposited in the District Fund

and Paragraph 13 incorporates that the estimated receipts and expenditure of the ADCs should be laid in the legislature of the State under Article 202 of the Constitution of India. The District Fund can also be said as the treasury of the Autonomous District Council. The reason being, money received by the ADC from the Central Government and the State Government and all other sources shall be deposited in the District Fund. Moreover, moneys received by the ADCs from taxes and revenues as enshrined in Paragraphs 8 of the Sixth Schedule to the Constitution of India shall also be deposited in the District Fund. Paragraph 13 of the Sixth Schedule is about the approval of the estimated income and expenditure also known as the budget of the ADC in the Legislative Assembly of the State on the basis of Article 202 of the Constitution of India. To enable transparency and normal governmental functioning, accounts of the ADCs also have been audited annually by the Comptroller and Auditor General of India.

According to sub-paragraph 6, paragraph 2 of the Sixth Schedule to the Constitution of India, the Government of Mizoram has enacted the Mizoram Autonomous District Council (Constitution and Conduct of Business of the District Council) Rules, 1974 which then become the guiding principle of governance for the three Autonomous District Councils of Mizoram. A separate department known as District Council Affairs (DCA) department was created by the Government of Mizoram and the department later on came to be known as District Council and Minority Affairs (DCMA) was created by the Government of Mizoram and it has looked after the affairs of the three Autonomous District Council and funds for the District Council are channelized through this department with the approval of the

state finance department. Thus, the DCMA department becomes the main controlling authority concerning the affairs of the District Council of the state.

In pursuance to Paragraph 7 (2) of the Sixth Schedule to the Constitution of India, the Governor of Mizoram approved the Mizoram Autonomous District Council Fund Rules, 2018 and it was published in the Mizoram Gazette on 23. 10. 2018. The funds which the Autonomous District Council (ADC) got from the Central Government through the State Government and the funds which are mobilized by the Autonomous District Council are to be spent according to the guidelines as listed in the said rules. The District Council Fund is constituted under Paragraph 7 subparagraph 1 of the Sixth Schedule to the Constitution of India, to which all funds received by the District Council shall be credited in accordance with the provisions of the Constitution of India. The fund shall accordingly comprise of the receipts realized by the District Council including Grant-in-Aid received from the Government and taxes levied or other revenues or receipts realized under the law, rules or regulations framed by the District Council under Paragraphs 3, 4, 6, 8, 9 and 10 of the Sixth Schedule to the Constitution of India. Further, the fund shall also include any liquid assets, surplus revenue, customary receipts, cash balance or bank balance etc. acquired by the District Council from the previous administrators of the locality or area revenue or receipts accruing to the administration for the constitution of the District Council shall be realized thereafter. Any matter which is not covered by or under these rules shall be referred to the Governor and his decision thereon shall be final.

In exercise of the powers conferred by paragraph 7 (2) read with paragraph 20 BB of the Sixth Schedule to the Constitution of India, read with Rule 20 of the Delegation of the Financial Power Rules, 1978 and with the approval of the Comptroller and Auditor General of India conveyed by the Accountant General of Assam, Meghalaya and Mizoram at Shillong Vide letter No.MTM/27-IV/88/831 Dt.15.2.91, the Governor of Mizoram make the following rules, governing grants-in-aid to the Autonomous District Council in Mizoram. The rule is called the Mizoram Autonomous District Councils (Grants-in-aid) Rules, 2018. The Governor from time to time, sanctions grants-in-aid to the District Council for running of administration as well as developmental activities in the various fields within the territorial jurisdiction of the District Council. The total grant-in-aids for a financial year shall be within the limit of the budget provisions made in this behalf, passed by the Legislative Assembly of the state of Mizoram.

The main constitutional basis of the funding of the Autonomous District Council (ADC) is Article 275 (1) which provided provision for financial aid of the ADC from its Consolidated Fund of India through the State Government. Besides, Paragraph 7 and Paragraph 13 of the Sixth Schedule to the Constitution of India also provided provision for funding of the ADC. Thus, the constitutional provision only provided the ADCs with Consolidated Fund of India but not other financial provisions, such as, Public Accounts of India and Contingency Fund of India. There have been many complaints by the ADC against the State Government for delay of funds and the State Government criticize the ADC for misutilization of the funds. To publicize their grievances against the State Government in extreme form, leader of

ADC of Mizoram advocated Direct Funding which they interpreted as direct release of both plan and non-plan funds by the Centre Government to the ADC directly bypassing the State Government. However, Direct Funding as interpreted by leader of ADC of Mizoram may only be possible if Article 275 (1) is amended by the Parliament, however, such amendment is cumbersome process. Thus, funding pattern and financial relationship is the main factor of tension between the State Government and the ADC. Tension between the State Government and ADC break out whenever there are different ruling parties in both level of government.

FINDINGS

1. The existence of parallel government in the District Council hampers the development of the area. With the enhancement of power, more departments come under the ADCs but funds were not increased which led to the utilization of funds mostly on the salary of staff and hence less on the development of the area. Therefore progress in the infrastructure and development cannot take place.
2. As power invested to the ADCs in Paragraph 8 of the Sixth Schedule to the Constitution of India, the three Autonomous District Council of Mizoram have made several rules and regulation in different areas under their jurisdiction. But in reality these rules and regulation made by the ADCs are not functioning as they should be. It seems that it made only for namesake and its application is null. As far as what is seen the only regulation that is

properly used by the ADCs is the Parking Fee Regulation which is made by both the Lai Autonomous District Council and Mara Autonomous District Council. The Chakma Autonomous District Council is yet to make this regulation.

3. Direct Funding as proposed by the three ADCs of Mizoram can only be achieved through the amendment of Article 275 (1) of the Constitution of India. It seems that it is used as a political slogan by the politician of the region for vote banks during an election. After having an interview with the top bureaucrats and observing the writings of scholars, it seems that there are two version of Direct Funding. The first version is to get funds i.e grant-in-aid and other centrally sponsored schemes directly from the Central Government and the second version is to receive funds from the Central Government through the State Government but separate funds should be allocated to the ADCs without diverting to the State Departments.
4. The issue of Direct Funding has been raised by leaders of ADC to raise their points of grievances against the State Government due to delay in release of funds to the ADC. The issue of Direct Funding has been one of the most popular political slogan in all elections from the Village Council to Lok Sabha in the Sixth Schedule Area of Mizoram.
5. Enhancement of Power to the ADCs by the State Government in 1994 and 2011 without adequate financial resources puts ADC in tight financial situation and it hampers the effective functioning of the ADC.

6. The tension between the State Government and the ADC seemed to be critical whenever there are different ruling parties in both level of government but tension is less when the same parties are in power in both the system.
7. The Autonomous District Council (ADC) of Mizoram are constitutional body which started functioning since independence with the inauguration of the Lushai Hills Autonomous District Council later on Mizo District Council and the Pawi-Lakher regional Council. So, this status of the ADCs should be acknowledged by the State Government and enable the ADCs to function effectively with regard to release of funds and in giving constructive guidance to the ADC.
8. As ADCs are entitled to receive money from the Consolidated Fund of India through the State Government on the basis of Article 275 (1) of the Constitution of India and they are also facilitated to collect taxes and revenue on specific subjects in Paragraph 8 of the Sixth Schedule to the Constitution of India, ADCs are required to take effective steps for mobilization of their internal resources. The ADC also should evaluate themselves in such a way that utilization of funds are judiciously spent for welfare of the people. It can also be ascertained from the research finding that if the present financial resources are not efficiently utilized, it is unlikely that increase in budget will be beneficial for the ADC.

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(Commencement of First Sem.)

COMMENCEMENT OF SECOND SEM./DISSERTATION : January 2019

(From conclusion of end semester exams)

APPROVAL OF RESEARCH PROPOSAL

1. BOS : 5th April, 2019
 2. SCHOOL BOARD : 10th April, 2019
- REGISTRATION NO. & DATE : MZU/M.Phil./493 of 10.04.2019
- DUE DATE OF SUBMISSION : 31st December, 2019
- EXTENSION (IF ANY) : Nil

Paper presented on Regionalism and Sub-Nationalism in Mizoram: It's Relationship with Sixth Schedule in the One Day National Seminar on "Ethnicity, Culture and Identity in Northeast India, Sponsored by - ICSSR, NRC, Shillong, organised by Dept. Of English on 26th September, 2019 at Zawlnuam College, Zawlnuam, Mizoram.

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