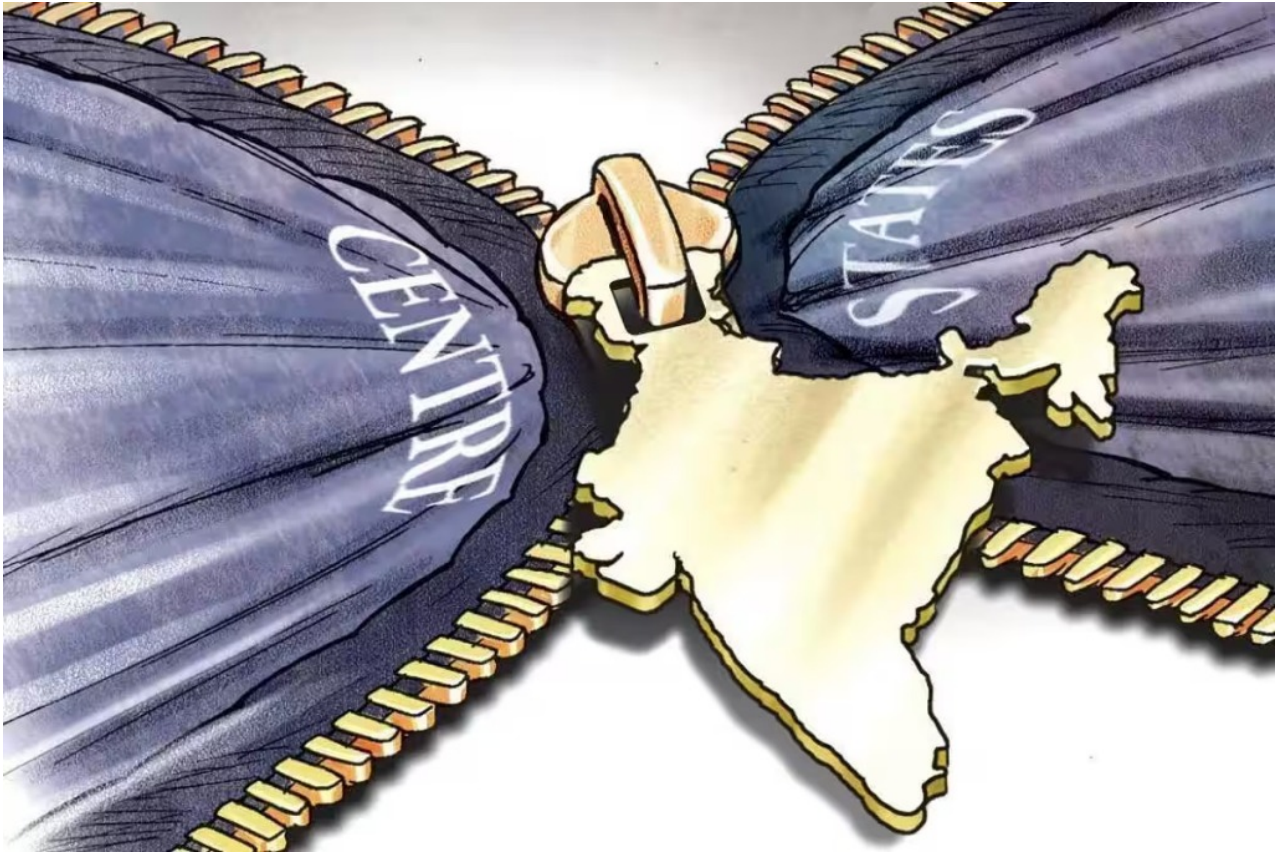


# Prominent Sources of Strain in Centre-State Relations in India: A Decade's Overview

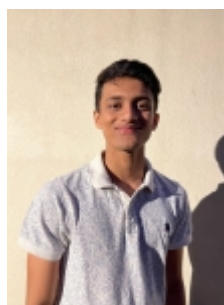
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By Anuraj Singh



In the contemporary nation-state system, the term 'federalism' refers to the constitutional allocation of powers between two or more levels of government; one at the national level and the other at the provincial/sub-national level.<sup>1</sup> The most important feature of a federal government is that both the national and state governments operate independently within their jurisdictions. In this essay, I will highlight several instances of strains in centre-state relations in India over the last 10 years. I will begin by defining federalism in the Indian context and subsequently delve into the specific instances that have emerged during this period.

Indian federalism seems to be derived from the ‘holding together’ model of federalism.<sup>2</sup> In this model, the geographically vast and culturally diverse state gives autonomy to its provinces for administrative convenience and representing regional interests. The Indian Constitution has structurally made the Union government more powerful than the states—therefore the seeming paradox of “centralised federalism.” Philip Mahwood argued that in culturally diverse, and global south nation-states like India, federalism is chosen for the very survival of the state and not just for administrative purposes.

However, despite possessing a keen understanding of the multi-dimensional nature of India’s vast diversity, the Constituent Assembly of India had refrained from creating a fully federalised or centralised political system in India owing to the worst communal riots post-1947. The secessionist tendencies had not completely gone by then either, this had played a major role in this structural enabling of a stronger state. The then Prime Minister Nehru had argued during the Constituent Assembly Debates that *“it would be injurious to the interests of the country to provide for a weak central authority which would be incapable of ensuring peace, of coordinating vital matters of common concern and of speaking effectively for the whole country in the international sphere.”*



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This was reflective of a majority of the members in the Constituent Assembly, however prominent figures like Dr. B.R. Ambedkar had ensured some features of federalism into the Indian Constitution. He had said – *“The Constitution is a Federal Constitution... The Union is not a league of states... nor are the states the agencies of the Union, deriving powers from it. Both the Union and the States are by the Constitution, and both derive their respective authority from the Constitution.”* Therefore, governing such a diverse nation, a structure of “asymmetrical federalism” was adopted. The following is a simple example of how the centre is stronger than the state.

The state as empowered by Articles 3 and 4 of the Indian Constitution, makes – “The Indian federation, constitutionally speaking, an indestructible union of destructible states.”<sup>3</sup> This is because the centre can create and redefine state boundaries. Consequently, this has been a major source of strain between the centre and the states.

Fiscal federalism is another example of a major strain between the centre and the state in contemporary Indian polity. In recent years, fiscal relations between the union and state governments have undergone major changes. Since the power change in central government back in 2014, three major shifts have occurred;

1. The abolition of the Planning Commission which was replaced by the NITI Aayog,
2. The Fourteenth Finance Commission recommendation on the dissolution of taxes to a state by the centre and,
3. The introduction of GST in 2017.

These have put into question the core constitutional convention of cooperative federalism. Conditional transfers which is the centre only transferring resources upon the condition that the states must use them for particular programs and schemes drawn up by the centre case in point the Atal Pension Yojana are detrimental. These are usually Tide Loans which are granted to the local governments, however, these loans are tied to central government schemes, which disallows local bodies to use the funding specific to their needs. Momentarily, approximately 40% of the total transfers are still linked to conditional transfers, which are largely linked to Centrally Sponsored Schemes. The amount of conditional funds awarded by the Finance Commission may influence state expenditure patterns in the future.

This would be harmful because it implies that the Finance Commission has been given the power to prevent democratically elected governments from carrying out promises made to voters in election manifestos, such as the provision of welfare pensions, food, and subsidies, among other things. This, in turn, strikes at the heart of democratic polity. Furthermore, it has spread discriminatory practices. This is demonstrated by the fact that federal flagship programs are rewarded for execution, whereas state schemes are regulated by labelling them as populist. The fiscal asymmetry in taxing powers conferred in various levels of government concerning their expenditure duties mandated by the Indian Constitution causes vertical imbalances. Despite only accounting for 40% of overall public expenditure, the central government is given a far larger taxing jurisdiction, with the ability to collect 60% of all taxes.

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These disparities are accentuated in the third tier, which includes elected local authorities and panchayats. Vertical imbalances may wreak havoc on India's urbanisation and the quality of local public goods, exacerbating the negative externalities associated with climate change and the environment. Given the Planning Commission's replacement, additional clarification on the disposition of funds beyond the Commission's jurisdiction is required. States must be able to keep the promises they made when they were democratically elected; otherwise, not only will fiscal federalism principles be jeopardised, but the social and economic state as a whole would suffer. The split of direct and indirect taxes must be studied in this regard, particularly following the adoption of the GST.

The centres' encroachment on State lists is another prominent source of strain, as it had created the Ministry of Cooperation, which had a strong pushback, most notably by the General Secretary of the Communist Party of India (Marxist), Sitaram Yechury. He argued that it was a gross violation of the federal setup of the country as it subdued the authority of the state over its cooperatives and most importantly was under the state list.

Another common area of contention is the involvement of governors in democratically elected governments, with various examples across the spectrum, whether it is a Union Territory or a State. Major instances of governors going beyond their jurisdiction to disrupt the constitution machinery of the state can be observed in Jammu and Kashmir and Delhi. The Bengal Government has had a strenuous relationship with its governor ever since its re-election. Vice President of India, Shri Jagdeep Dhankhar who was previously the Governor of West Bengal had been refusing to sign an (SC/ST) bill that was unanimously passed in the assembly, which led to public protests. The speaker had engaged in a war of words with the then governor over the appointment of Mukul Roy as the Public Accounts Committee (PAC) Chairman. He even had to write to Prime Minister Shri Narendra Modi and then President Kovind for Dhankhar's interferences in legislative matters.

In conclusion, we should try to create a political environment of development and not competition. Irrespective of which party is in government both at a state or central level, the politicians must abide by the principles the founding fathers of our Constitution had envisioned for India. Not bouncing to lower levels by creating problems for one another but setting examples for other states or even the centre to follow. Political parties owe it to citizens to act responsibly and avoid creating problems that result in the wastage of public resources and time. A case in point is the most recent court case: Government of NCT of

New Delhi vs. Union of India. We should strive for a model of accommodative federalism which garners political respect and responsibility to the people first. A few solutions to the above problems can be to focus more on the third level of Indian federalism, local self-governments, is not given more political clout, efforts to build the federal discourse would fail.

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The Punchhi Commission's 2010 recommendations are crucial for building Indian federalism. Despite their differences, the Union government and the states have a common survival requirement. Some other steps like the governor's problematic role in oppressing states for the Centre's benefit must be examined. Appropriate use of the Interstate Council's institutional framework is required to foster political goodwill between the Centre and the states on controversial policy matters. The states' budgetary ability must be gradually increased without lowering the Centre's portion of the budget. Effective electoral changes would promote a more vigorous political battle between national and regional political forces by levelling the playing field for regional political parties and regional leaders.

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