



Cooperative Federalism: Myth or Reality

Federalism is an Intrinsic Part of Our Constitutional Set-up.

— **Naveen Patnaik**

India's federal structure, as enshrined in the Constitution, represents a **unique blend of centralisation and decentralisation**. The concept of **cooperative federalism** is integral to this structure, advocating for collaboration between the central and state governments to ensure effective governance and the delivery of public services.

The roots of federalism in India can be traced back to the colonial era when the **Government of India Act, 1935** laid the foundation for a **federal system** by introducing **provincial autonomy**. However, the central government retained significant powers, setting the tone for the future relationship between the centre and the states.

Post-independence, the framers of the **Indian Constitution** adopted a **quasi-federal structure**, where the balance of power was tilted in favour of the central government. This decision was influenced by the need to maintain **national unity and integrity** in a diverse and newly independent nation. However, the principle of cooperative federalism was embedded in the Constitution, envisioning a collaborative approach to governance.

The Indian Constitution provides a framework for cooperative federalism through various provisions. The **Seventh Schedule** delineates the powers of the central and state governments into three lists: the **Union List**, the **State List**, and the **Concurrent List**. While the Union List grants exclusive powers to the central government, the State List is reserved for state governments. The Concurrent List allows both governments to legislate, with the central law prevailing in case of a conflict.

Article 263 of the Constitution provides for the establishment of an **Inter-State Council** to promote cooperation and coordination between states and the central government. This council is a critical mechanism for resolving disputes and fostering dialogue on matters of national importance.

Additionally, the **National Institute for Transforming India (NITI Aayog)** and the **Finance Commission** are institutional arrangements designed to ensure a balanced distribution of resources between the centre and the states. These bodies play a vital role in promoting **cooperative federalism** by facilitating dialogue and collaboration on economic and developmental issues.

Despite the constitutional framework, the practice of **cooperative federalism** in India has faced several challenges over the years. One of the most significant challenges is the centralisation of power. The central government has often encroached upon the powers of the states, particularly through the misuse of **Article 356**, which allows for **President's Rule** in states. This has led to tensions between the centre and the states, undermining the **spirit of cooperative federalism**.

Another challenge is the **unequal distribution of resources and revenue** between the centre and the states. The central government controls the majority of revenue sources, leading to fiscal imbalances. The states are often dependent on the centre for financial assistance, which can be used as a tool to exert control over state governments.

The introduction of the **Goods and Services Tax (GST)** in **2017** is a landmark reform aimed at creating a **unified tax system**. It has also led to concerns among states about the erosion of their fiscal autonomy. The **GST Council**, which is responsible for making decisions on **GST rates and policies**, operates on the **principle of cooperative federalism**, but the central government holds significant influence, raising questions about the true extent of cooperation.

In recent years, there have been efforts to strengthen cooperative federalism in India. The NITI Aayog, which replaced the Planning Commission, has been instrumental in promoting collaboration between the centre and the states. Unlike the Planning Commission, which was often criticised for being **top-down** and **centralising**, NITI Aayog emphasises a **bottom-up** approach, encouraging states to take ownership of their development agendas.

The concept of "**Team India**", as envisioned by **NITI Aayog**, aims to foster a **spirit of Cooperation and partnership** between the centre and the states. Through mechanisms such as the **Governing Council**, which includes **all chief ministers**, NITI Aayog facilitates discussions on key policy issues, ensuring that states have a voice in the **decision-making process**.

Furthermore, the **15th Finance Commission** has attempted to address some of the **fiscal imbalances** by recommending a **higher share of tax revenues** for states. This is a positive step towards strengthening cooperative federalism by empowering states financially and reducing their dependency on the centre.

The **Covid-19 pandemic** has also highlighted the importance of cooperative federalism. The management of the pandemic required close coordination between the central and state governments. While there were instances of friction, particularly over issues such as **vaccine distribution** and **lockdown measures**, the crisis underscored the need for a **collaborative approach** to tackle challenges of national significance.

Political dynamics play a crucial role in shaping the practice of cooperative federalism in India. The nature of **centre-state relations** often depends on the political alignment of the ruling parties at the centre and in the states. When the same party or a coalition of parties governs both the centre and the states, there is typically more cooperation. However, when different parties are in power, particularly if they are ideological rivals, tensions can arise, leading to a more confrontational relationship.

For instance, during the **Emergency period (1975-1977)**, the central government, led by the Congress party, exercised excessive control over state governments, many of which were dismissed using **Article 356**. This period is often cited as an example of the breakdown of cooperative federalism.

On the other hand, during periods of coalition governments at the centre, such as in the **1990s** and early **2000s**, there was a greater emphasis on consultation and cooperation with state governments. The need to accommodate the interests of various regional parties in the coalition often led to a more balanced approach to federalism.

The current political landscape, with the dominance of the single party at the centre and its growing influence in various states, has brought its own set of challenges and opportunities for cooperative federalism. While the central government has pushed for reforms that require state cooperation, such as the **implementation of GST** and **labour law reforms**, there have also been instances of conflict with **opposition-ruled states**, particularly on issues such as the handling of the **pandemic** and **agricultural laws**.

The judiciary has played a significant role in interpreting and shaping the concept of cooperative federalism in India. The Supreme Court, through various landmark judgments, has emphasised the need for maintaining a **balance of power** between the centre and the states.

In the **S.R. Bommai case (1994)**, the **Supreme Court** laid down strict guidelines for the **imposition of President's Rule** under **Article 356**, thereby curbing the arbitrary use of this provision by the central government. This judgement is considered a watershed moment in the protection of federalism in India.

Similarly, in the case of **State of West Bengal v. Union of India (1962)**, the Supreme Court upheld the

autonomy of states, stating that the Constitution does not recognize states as mere **administrative units** but as entities with their own powers and responsibilities. This judgement reinforced the **idea of cooperative federalism** by acknowledging the importance of state autonomy.

The judiciary has also played a crucial role in resolving disputes between states and the centre, as well as between states themselves. The establishment of mechanisms such as the **Inter-State River Water Disputes Tribunal** is an example of the judiciary's role in promoting cooperative federalism by providing a platform for dialogue and resolution of conflicts.

The journey of cooperative federalism in India is a dynamic and evolving process, shaped by historical contexts, constitutional frameworks, political dynamics, and judicial interpretations. It embodies the essence of collaboration between the central and state governments, balancing the need for national unity with the diverse aspirations of India's states. As India continues to navigate its complex federal structure, the success of cooperative federalism will depend on the sustained commitment of both the centre and the states to work together, prioritise the collective good, and adapt to the changing needs of the nation. It is through this spirit of partnership and mutual respect that India can ensure inclusive development and maintain the delicate balance between central authority and state autonomy.

Competitive Cooperative Federalism is the Key to India's Rising Investments.

— ***Narendra Modi***

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