

Federalism & Center-State Relations In Contemporary India

Arzin Abdul Khalique Ansari¹

¹Ph.D. Research Scholar, Department of Law, University of Mumbai, India.

Email: arzin.fmerchant@gmail.com

ABSTRACT

Indian federalism represents a constitutionally engineered balance between unity and diversity, designed to accommodate vast socio-cultural heterogeneity while maintaining the integrity of the nation-state. The Constitution of India constructs a federal structure with a strong unitary bias, ensuring that the Union retains overriding authority in matters of national importance while the States exercise autonomy within defined constitutional spheres. Over the decades, Centre-State relations have undergone continuous transformation shaped by political realignments, economic reforms, and judicial interventions. This paper explores the doctrinal foundations of Indian federalism, the constitutional distribution of powers, and the evolving dynamics of intergovernmental relations in contemporary India. The study examines the legislative, administrative, and financial aspects of federalism by analyzing key constitutional provisions such as Articles 245–263, the Seventh Schedule, and the emergency provisions under Articles 352–360. It draws from the jurisprudence of the Supreme Court, including landmark decisions such as *State of West Bengal v. Union of India* (1963), *S.R. Bommai v. Union of India* (1994), and *Nabam Rebia v. Deputy Speaker* (2016), to highlight how judicial interpretation has shaped the contours of Indian federalism. The research also assesses institutions such as the Inter-State Council, Finance Commission, and the Goods and Services Tax Council, which have become crucial to cooperative federalism while simultaneously raising concerns about fiscal centralization. Contemporary challenges—including the politicization of the Governor’s office, tensions surrounding GST compensation, disputes over law-and-order prerogatives, and the centralization of national policies—are critically analyzed. The paper argues that although the Constitution provides a robust framework for federal governance, political and fiscal practices at times undermine the federal spirit and tilt the system toward central dominance. Strengthening institutional mechanisms, upholding judicial safeguards, and reinforcing cooperative federalism are essential for sustaining democratic pluralism in India. The study concludes that federalism in contemporary India remains a dynamic project whose future depends on continuous negotiation between constitutional principles and political realities.

Keywords: Constitutional Autonomy, Centre-State Conflicts, Political Federalism, Democratic Pluralism, Constitutional Governance

INTRODUCTION:

Federalism in India represents a constitutional innovation designed to reconcile pluralism with political unity, where the powers of government are distributed between the Union and the States to allow both levels to function autonomously within their respective spheres. Unlike classical federations such as the United States, India’s federal design is frequently described as “quasi-federal” because it incorporates strong unitary features that enable the Centre to assert overriding authority when required (Austin, 2004). This unique structure emerged from historical circumstances, including the need to unify a fragmented subcontinent and address post-colonial vulnerabilities. The Constituent Assembly debated intensely how to structure India’s polity, ultimately producing a model that balanced federal autonomy with national cohesion (Basu, 2022). As India evolved politically and economically, Centre-State relations became more dynamic, reflecting changing alignments of political power, economic liberalization, judicial oversight, and institutional developments. Contemporary

Indian federalism is thus an adaptive arrangement shaped by constitutional design as well as political practice, often revealing tensions between cooperative and centralizing tendencies.

2. Constitutional Architecture of Indian Federalism

The Constitution provides a detailed division of legislative, administrative, and financial authority between the Union and the States. The supremacy of the Constitution ensures that both levels of government operate within constitutionally defined boundaries, with the judiciary empowered to adjudicate disputes under Article 131. The existence of a written and partly rigid Constitution requiring special procedures for amendments affecting federal provisions under Article 368 underscores the federal nature of the system. Yet the Constitution simultaneously vests residuary powers in the Union under Article 248, a notable deviation from classical federal models and a reflection of the framers’ preference for a strong Centre (Choudhry et al., 2016). The presence of All India Services under Article 312, a single integrated

judiciary, and emergency provisions further strengthen central authority. According to Austin (2004), these structural arrangements emphasize the framers' concern with maintaining national unity while permitting regional autonomy, resulting in a federal system with a unitary tilt.

3. Legislative Federalism

Legislative relations constitute the core of federal structure and are primarily embodied in the Seventh Schedule, which divides subjects into the Union, State, and Concurrent Lists. Parliament possesses exclusive authority over matters of national importance, including defense, foreign affairs, and currency, while States exercise legislative power over areas such as public order, police, and public health. The Concurrent List allows both levels to legislate on topics like education and forests, although Article 254 grants parliamentary law overriding power in the event of a conflict (Basu, 2022). Parliament's capacity to legislate on State subjects under Articles 249, 250, and 252 provides further centralizing mechanisms, particularly when national interest resolutions are passed in the Rajya Sabha or during emergencies.

Judicial interpretation has significantly shaped legislative federalism. In *State of West Bengal v. Union of India* (1963), the Supreme Court rejected the argument of State sovereignty and affirmed the Union's dominant position in the federal hierarchy. This judgment reinforced the idea that India is not a compact of States but a constitutional polity with indissoluble unity. Later, in *S.R. Bommai v. Union of India* (1994), the Court sought to protect federalism by limiting the Centre's power to dismiss State governments under Article 356, insisting that federalism forms a part of the Constitution's basic structure. The Court's decision in *Kesoram Industries v. State of West Bengal* (2004) refined the understanding of taxation powers by distinguishing between taxes and fees, reinforcing fiscal autonomy of the States within constitutional limits. These judicial doctrines demonstrate the Court's central role in maintaining a workable balance between Union supremacy and State autonomy.

4. Administrative Federalism

Administrative relations between the Centre and the States underscore cooperation and compliance. Articles 256 and 257 require States to ensure that their executive actions align with parliamentary laws, giving the Centre authority to issue directions to protect national interests. While these provisions ensure administrative uniformity, they can also be perceived as instruments of central oversight (Sathe, 2002). The Governor's office, constitutionally intended as a neutral institution, has increasingly become a point of contention in administrative federalism. Appointed by the President and often aligned with the ruling party at the Centre, Governors sometimes exercise discretionary power in ways that generate political friction. Disputes over assent to State legislation, floor test directives, and university appointments illustrate how gubernatorial authority can affect federal balance.

“Judicial scrutiny has attempted to curtail such discretion. In *Nabam Rebia v. Deputy Speaker* (2016), the Supreme Court held that the Governor cannot intervene in legislative proceedings or misuse discretionary powers, reiterating that the Governor's role is not that of an active political actor. The Court emphasized federal norms and democratic principles, seeking to restore equilibrium in Centre–State relations. Administrative federalism also depends on cooperative platforms such as the Inter-State Council established under Article 263, which serves as a forum for dialogue and dispute resolution (Manor, 2013). Although underutilized, its periodic activation signals recognition of its importance to multilevel governance. River-water disputes, law-and-order coordination, and implementation of social welfare schemes have illustrated the need for robust administrative collaboration between different levels of government.

5. Financial Federalism

Financial relations represent the most critical and contentious dimension of Indian federalism. The Union controls the most productive sources of revenue, including income tax, customs duties, and central excise, while the States rely heavily on shared taxes and grants-in-aid. According to Sharma (2017), this structural asymmetry reflects both constitutional design and economic imperatives but often constrains State autonomy. The Finance Commission, established under Article 280, plays a vital role in recommending the distribution of tax revenues between the Centre and the States, aiming to ensure fiscal equity and macroeconomic stability. The 14th Finance Commission's decision to increase States' share of the divisible pool to 42 percent was perceived as a major step toward fiscal decentralization, although subsequent commissions recalibrated the formula, reviving debates about central dominance (Saxena, 2021).

The introduction of the Goods and Services Tax (GST) in 2017 drastically altered fiscal federalism by consolidating indirect taxes into a unified national system. The GST Council created under Article 279A embodies cooperative federalism, requiring consensus between the Union and States on taxation decisions (Pal, 2018). While designed to promote harmonization, the GST regime has generated tensions over compensation payments, rate revisions, and States' diminished capacity to raise independent revenue. The delay in GST compensation during the COVID-19 pandemic heightened concerns about fiscal centralization, revealing vulnerabilities in States' financial stability. Critics argue that although the GST Council institutionalizes intergovernmental dialogue, it can also become a mechanism for the Centre to shape fiscal policy extensively, often leaving States dependent on centrally controlled revenue streams.”

6. Emergency Provisions and Federal Balance

The emergency provisions of the Constitution imbue the Centre with extraordinary powers, temporarily transforming the federal structure into a unitary system. A National Emergency under Article 352 authorizes Parliament to legislate on State subjects, while Article 356

allows the dismissal of State governments and the imposition of President's Rule. These provisions, although intended for exceptional circumstances, were frequently misused during the early decades of independence, prompting judicial intervention. The Supreme Court's ruling in *S.R. Bommai* emphasized that federalism is part of the Constitution's basic structure and that Article 356 cannot be invoked arbitrarily, subjecting such proclamations to judicial review (Sridharan, 2014). Financial Emergency under Article 360, though never invoked, remains a constitutional tool with potential implications for State autonomy. This emergency framework reflects the Constitution's intent to safeguard national integrity while acknowledging the delicate balance between federal autonomy and central authority.

7. Evolution of Federalism in Post-Independence India

The evolution of Indian federalism can be understood through political phases that shaped Centre-State dynamics. During the initial decades following independence, the dominance of the Indian National Congress at both the Centre and the State level resulted in a centralizing tendency, as political alignment reduced intergovernmental friction. States had limited bargaining power, and national planning institutions such as the Planning Commission reinforced central authority over developmental priorities (Manor, 2013). This period exhibited strong unitary features despite the federal constitutional framework.

"The emergence of regional parties in the 1960s and 1970s, along with the decline of single-party dominance, transformed federal relations. Regional aspirations became politically potent, compelling the Centre to negotiate more frequently with States on matters of development, resource allocation, and political representation. This period marked the rise of "coalition federalism," where coalition governments at the Centre relied on regional parties for stability, enhancing States' influence in national policymaking (Sridharan, 2014). Economic liberalization in the 1990s further empowered States by allowing them to pursue localized strategies for investment and industrial development, contributing to a more competitive form of federalism.

Contemporary India, particularly since 2014, has experienced renewed centralization in policymaking, driven by the rise of a strong majority government at the Centre. Scholars argue that policy uniformity, expansion of centrally sponsored schemes, use of central investigative agencies, and increased reliance on cesses and surcharges have contributed to a shift toward central dominance (Pal, 2018). States governed by opposition parties have frequently expressed concerns about fiscal constraints, administrative interference, and limited consultation in national policy decisions. These developments demonstrate that Indian federalism is deeply influenced by political configurations and cannot be understood solely through constitutional text.

8. Contemporary Issues in Centre-State Relations

Centre-State relations in contemporary India are characterized by both cooperation and conflict. One major area of tension concerns the role of the Governor, whose discretionary powers have been invoked in matters such as government formation, legislative assent, and university administration. Critics argue that Governors sometimes act as political intermediaries rather than neutral constitutional heads, undermining the federal spirit. Judicial interventions have attempted to establish safeguards, but political controversies persist (Choudhry et al., 2016).

Fiscal disputes represent another critical area of contention. States argue that the Centre's increasing reliance on cesses and surcharges—revenue streams not shareable with States—reduces the effective share of States in the divisible tax pool (Saxena, 2021). Delayed GST compensation and strict borrowing restrictions under the Fiscal Responsibility and Budget Management framework have heightened frustrations. Financial federalism remains an evolving and highly contested aspect of contemporary governance.

Intergovernmental conflicts have also surfaced in areas such as internal security, agricultural policy, and environmental regulation. Disagreements over the implementation of the National Education Policy, the regulation of law-enforcement agencies, and the distribution of disaster-management funds illustrate ongoing tensions between national priorities and regional autonomy. At the same time, cooperative federal initiatives such as NITI Aayog, the Aspirational Districts Programme, and digital governance frameworks demonstrate efforts to institutionalize collaboration. According to Pal (2018), the challenge lies in ensuring that cooperative mechanisms do not mask coercive tendencies, enabling States to participate meaningfully rather than functioning as administrative extensions of the Centre.

9. Judicial Role in Shaping Contemporary Federalism

The judiciary has emerged as the principal guardian of federalism by interpreting constitutional provisions and limiting central overreach. The Supreme Court's decisions in *S.R. Bommai*, *Nabam Rebia*, and other cases affirm federalism as part of the basic structure of the Constitution, restraining misuse of powers such as Article 356. The Court has also clarified the scope of the Speaker's authority, gubernatorial discretion, and legislative competence in ways that enhance institutional balance. Sathe (2002) notes that judicial activism has played a constructive role in democratizing federal governance, especially during times when political institutions were unable or unwilling to maintain constitutional equilibrium. Through Article 131's original jurisdiction, the Supreme Court continues to adjudicate disputes on taxation, territorial boundaries, and administrative control, thereby shaping federal relations in significant ways."

10. Conceptual Perspectives on Indian Federalism

Indian federalism may be understood through multiple theoretical perspectives that highlight its composite and adaptable nature. Scholars describe it as quasi-federal due to the concentration of emergency powers and residuary authority in the Centre (Austin, 2004). “Others emphasize its asymmetrical structure, noting that certain States historically received special provisions such as Article 370 for Jammu and Kashmir. Contemporary governance often reflects cooperative federalism, where the Union and States jointly design and implement policies through institutions such as the GST Council. In contrast, the competitive federalism associated with post-1991 economic reforms positions States as economic competitors striving to attract investment through efficient governance (Manor, 2013). These theoretical perspectives illustrate how Indian federalism is not a static arrangement but a dynamic system shaped by political negotiation, constitutional interpretation, and socio-economic transformation.”

11. Strengthening Federalism: The Way Ahead

“Ensuring a balanced federal structure requires institutional reforms, political commitment, and adherence to constitutional principles. Strengthening bodies such as the Inter-State Council and the Finance Commission can promote cooperative engagement and reduce unilateral decision-making by the Centre. Depoliticizing the Governor’s office and establishing clearer norms for gubernatorial conduct are essential to prevent political interference in State affairs. Fiscal reforms, including predictable GST compensation and

greater flexibility in borrowing, can enhance States’ financial autonomy and promote equitable development (Sharma, 2017).” Revisiting the Seventh Schedule to accommodate emerging areas such as data regulation, environmental governance, and digital infrastructure may also help align federal competencies with contemporary needs. Democratic deepening through the empowerment of local governments, transparency in intergovernmental negotiations, and broader participation in national policymaking will further strengthen India’s federal fabric.

12. Conclusion

Federalism in India is a constitutional aspiration and a political reality shaped by historical circumstances, legal doctrines, and evolving political practices. While the Constitution provides a robust framework that balances central authority with State autonomy, contemporary governance often reflects tendencies toward centralization, creating perceptions of imbalance in Centre–State relations. Judicial oversight, institutional mechanisms, and cooperative governance models have attempted to safeguard federal principles, yet persistent tensions remain. The future of Indian federalism depends on reinforcing constitutional values, strengthening intergovernmental dialogue, and ensuring that political processes respect the autonomy and diversity of the States. A vibrant and balanced federal system remains essential to sustaining India’s democratic pluralism and fostering inclusive national development

REFERENCES

1. Austin, G. (2004). *The Indian Constitution: Cornerstone of a Nation*. Oxford University Press.
2. Basu, D. D. (2022). *Introduction to the Constitution of India* (27th ed.). LexisNexis.
3. Bhattacharjee, N. (2019). Fiscal federalism and GST in India: Issues and challenges. *Economic and Political Weekly*, 54(10), 37–43.
4. Choudhry, S., Khosla, M., & Mehta, P. B. (Eds.). (2016). *The Oxford Handbook of the Indian Constitution*. Oxford University Press.
5. De Souza, P. R., & Manor, J. (1995). *India’s Changing Political Landscape*. Sage Publications.
6. Grewal, B. S. (2019). Cooperative federalism in India: A contemporary review. *Indian Journal of Public Administration*, 65(3), 425–442. <https://doi.org/10.1177/0019556119862085>
7. Jain, M. P. (2020). *Indian Constitutional Law* (9th ed.). LexisNexis.
8. Kumar, A. (2019). Centralisation, federalism, and democratic backsliding in India. *Journal of Asian Studies*, 78(4), 865–890. <https://doi.org/10.1017/S0021911819001123>
9. Manor, J. (2013). *India’s Federal Design and Multilevel Governance*. Oxford University Press.
10. Mukherji, R. (2014). *Political Economy of Federalism in India*. Oxford University Press.
11. Pal, P. (2018). Centralisation and the Indian Federal System. Cambridge University Press.
12. Pandey, J. N. (2021). *Constitutional Law of India*. Central Law Agency.
13. Rao, M. G. (2017). Fiscal federalism in India: Emerging issues. *Public Finance Review*, 45(1), 1–30. <https://doi.org/10.1177/1091142116639137>
14. Rao, M. G., & Singh, N. (2005). *The Political Economy of Federalism in India*. Oxford University Press.
15. Saxena, R. (2021). *Indian Federalism: Contemporary Issues and Challenges*. Sage Publications.
16. Sharma, B. A. V. (2017). *Fiscal Federalism in India*. Rawat Publications.
17. Sharma, C. K. (2012). Beyond cooperative federalism: The politics of competitive federalism in India. *Publius: The Journal of Federalism*, 42(4), 634–660.
18. Singh, A. (2017). Role of the Governor in Indian federalism: Constitutional ambiguities and political practices. *Indian Journal of Constitutional Law*, 11(2), 113–136.
19. Sridharan, E. (2014). *Coalition Politics and Federal Governance in India*. Routledge.
20. Supreme Court of India. (1963). *State of West Bengal v. Union of India*, AIR 1963 SC 1241.
21. Supreme Court of India. (1973). *Kesavananda Bharati v. State of Kerala*, AIR 1973 SC 1461.
22. Supreme Court of India. (1987). *State of*

Rajasthan v. Union of India, AIR 1987 SC 1364.

23. Supreme Court of India. (1994). S.R. Bommai v. Union of India, AIR 1994 SC 1918.

24. Supreme Court of India. (2004). Kesoram Industries v. State of West Bengal, (2004) 10 SCC 201.

25. Supreme Court of India. (2016). Nabam Rebia v. Deputy Speaker, AIR 2016 SC 3256.

26. Supreme Court of India. (2018). Government of NCT of Delhi v. Union of India, (2018) 8 SCC 501.

27. Tillin, L. (2013). *Remapping India: New States and Their Political Origins*. Oxford University Press.

28. Tillin, L. (2016). Asymmetric federalism and democratic stability in India. *Commonwealth & Comparative Politics*, 54(4), 378–395. <https://doi.org/10.1080/14662043.2016.1241806>

29. Weingast, B. R. (2014). Second generation fiscal federalism: The implications of fiscal incentives. *Journal of Economic Perspectives*, 30(4), 65–90.