

Evolving Centre–State Relations in India’s Federal Framework

PRASHANT CHAND NIRMAL

Research Scholar

University Department of Political Science, Tilka Manjhi Bhagalpur University (T.M.B.U)
Bhagalpur (Bihar) India

ABSTRACT

India’s federal framework represents a unique constitutional arrangement that combines a strong Union with a framework for protection of rights of states. The Constitution describes India as a ‘Union of States’, reflecting the framers’ intention to preserve national unity while accommodating regional diversity. Over the decades, Centre–State relations have undergone significant transformations due to political developments, judicial interventions, economic reforms, and institutional restructuring. This paper examines the evolution of Centre–State relations in India, focusing on constitutional provisions, historical phases, major commissions, judicial pronouncements, fiscal federalism, and contemporary challenges. The study highlights the shift from centralized federalism to cooperative and competitive federalism, particularly after economic liberalization and the introduction of the Goods and Services Tax (GST). At the same time, concerns regarding excessive centralization, misuse of constitutional provisions, and fiscal imbalances continue to shape debates on Indian federalism. The paper concludes that strengthening cooperative federalism through institutional dialogue, fiscal autonomy, and constitutional morality is essential for sustaining India’s democratic and federal structure.

Keywords: Federalism, Centre–State Relations, Cooperative Federalism, Fiscal Federalism, Sarkaria Commission, GST Council, Indian Constitution

INTRODUCTION

Federalism is a system of governance in which powers are constitutionally divided between a central authority and regional units. India adopted a federal structure to manage its vast geographical, linguistic, cultural, and ethnic diversity. However, unlike classical federations such as the United States, Indian federalism possesses a strong unitary bias. The Constitution grants extensive powers to the Union government in matters of legislation, administration, finance, and emergencies (Jain, 2025).

The nature of Centre–State relations in India has evolved considerably since independence (Basu, 2018). In the early decades after independence, the dominance of a single political party at both the Centre and states contributed to centralized governance. Over time, coalition politics, regional parties, judicial activism, economic

liberalization, and institutional reforms encouraged greater state participation in governance (Singh and Srivastava, 2025). Contemporary Indian federalism is therefore characterized by both cooperation and conflict between the Union and states.

This paper critically analyzes the evolution of Centre–State relations in India and evaluates whether recent developments strengthen or weaken the federal balance.

Constitutional Basis of Centre–State Relations:

The Constitution of India establishes the framework for legislative, administrative, and financial relations between the Centre and states.

Legislative Relations:

The Seventh Schedule divides legislative powers into three lists. The Union List comprises items like defence,

foreign affairs, currency etc. The State List comprises items like police, public health, agriculture etc. The Concurrent List (dealt by both Centre and States) comprises items like education, forests, marriage etc.

Under Article 246, Parliament enjoys predominance in cases of conflict between Union and State laws. Residuary powers are also vested in the Centre, unlike in many classical federations. The Centre may legislate on State subjects during emergencies or in the national interest.

Administrative Relations:

The Constitution authorizes the Centre to issue directions to states under Articles 256 and 257. The appointment of Governors by the President further strengthens Union influence over states. All India Services such as the IAS and IPS also create administrative integration.

Financial Relations:

Financial relations are governed through tax distribution, grants-in-aid, and Finance Commission recommendations. The Centre possesses greater revenue-generating powers, while states bear substantial expenditure responsibilities (Jain, 2025). This imbalance has historically created tensions regarding fiscal autonomy (ibid).

Historical Evolution of Centre–State Relations:

Phase I: Centralized Federalism (1950–1967)

During the initial decades after independence, Indian federalism remained highly centralized. The dominance of the Indian National Congress at both Union and state levels reduced political conflict. National integration, linguistic reorganization, and developmental planning justified strong central authority.

The Planning Commission played a major role in allocating resources to states, reinforcing dependence on the Centre. The use of Article 356 (President's Rule) also expanded during this period.

Phase II: Emergence of Regionalism (1967–1989)

The 1967 general elections marked a turning point as several states elected non-Congress governments. Regional parties gained influence, and demands for greater state autonomy increased. Later this phase proved to be quite decisive in the evolution of India's federal architecture of distribution of powers between centre and

states.

The conflicts between centre and states emerged over multiple issues like dismissal of state governments, partisan role of governors, financial devolution, language policy etc.

The growing tensions led to the appointment of the Sarkaria Commission in 1983 to review Centre–State relations. The Commission recommended cooperative federalism, restraint in the use of Article 356, and strengthening of the Inter-State Council.

Phase III: Coalition Era and Cooperative Federalism (1989–2014)

The decline of one-party dominance and rise of coalition governments transformed Indian federalism. Regional parties became influential at the national level, compelling greater consultation with states.

Economic liberalization in 1991 further empowered states by increasing their role in attracting investments and implementing reforms (Nain, 2018). The judiciary also contributed to strengthening federalism through landmark judgments such as the *S. R. Bommai v. Union of India* case (1994), which limited arbitrary use of Article 356 and declared federalism part of the Constitution's basic structure (Austin, 1999). The creation of the Inter-State Council (under Article 263) and Finance Commission reforms reflected a gradual movement toward cooperative federalism (Basu, 2018).

Phase IV: Contemporary Federalism (2014–Present)

Since 2014, Centre–State relations have entered a new phase marked by simultaneous trends of cooperation and centralization. Several key developments in this phase are replacement of the Planning Commission by NITI Aayog, introduction of GST, greater use of centrally sponsored schemes, increased role of central agencies, debates over Governors' powers, controversies regarding fiscal devolution etc.

In the current phase there is a strong thrust on promoting cooperative federalism in the larger national interest but practical governance often reflects centralizing tendencies.

Role of Commissions in Strengthening Federalism: Sarkaria Commission (1983):

The Sarkaria Commission remains the most comprehensive body on Centre–State relations. Its key recommendations included areas like limited use of Article

356, establishment of the Inter-State Council, consultation with states before bringing legislation affecting them, neutral role of Governors, greater fiscal consultation etc.

The Commission emphasized cooperative federalism rather than weakening the Union.

Punchhi Commission (2007):

The Punchhi Commission revisited Centre–State relations in the context of coalition politics and globalization. It recommended fixed tenure for Governors, localized emergency provisions, greater state participation in national policy-making, improved mechanisms for resolving inter-state disputes etc. Despite their significance, many recommendations remain only partially implemented.

Judicial Contribution to Federalism:

The judiciary has played a crucial role in preserving the federal balance. In the *S. R. Bommai Case* (1994) the Supreme Court ruled that federalism is part of the Constitution’s basic structure and restricted arbitrary dismissal of state governments. In the *State of West Bengal vs. Union of India* (1963) the Court upheld Parliament’s supremacy in matters of national interest, reflecting the centralizing orientation of the Constitution.

Recent Judicial Trends:

Recent judicial interventions concerning GST compensation, Delhi government powers, and state autonomy demonstrate the judiciary’s continuing role in balancing Union and state authority.

Fiscal Federalism and GST:

Fiscal federalism remains one of the most contentious aspects of Centre–State relations.

Finance Commission and Tax Devolution:

The Finance Commission periodically recommends distribution of taxes between the Centre and states. The 14th Finance Commission increased states’ share in central taxes from 32% to 42%, marking a major step toward fiscal decentralization.

However, concerns persist regarding increasing use of cesses and surcharges, shrinking divisible tax pool, dependence on centrally sponsored schemes etc. The issue of delay in payment of GST compensation during Covid-19 created problems for states (Singh, 2021). Recent debates indicate that several states seek greater

fiscal autonomy and a larger share of central taxes.

GST and Cooperative Federalism:

The introduction of the Goods and Services Tax in 2017 significantly altered fiscal relations. The GST Council emerged as a major institution of cooperative federalism where Union and state governments jointly decide tax policies. Although GST improved tax harmonization, disputes arose over delay in compensation payments, revenue losses for states, reduced fiscal autonomy etc. Hence, the GST represents both cooperation and contestation in Indian federalism.

Contemporary Challenges in Centre–State Relations:

The partisan role of the Governor is a serious irritant in the centre-state relations (Jain, 2025). Several states have accused Governors of acting as agents of the Centre rather than constitutional heads. Delays in assent to bills and political interventions have intensified tensions. The increasing involvement of agencies such as the CBI and ED in state matters has raised concerns about federal autonomy.

Language and Cultural Issues are another area of friction in centre-state relations. Disputes over Hindi imposition and educational policies continue to create friction between the Centre and southern states. Fiscal imbalances also strains centre-state relations. Southern and economically advanced states increasingly question the criteria for tax redistribution and resource allocation.

Inter-state disputes are another area of discord in centre-state relations. Water-sharing disputes such as the Cauvery and Krishna conflicts highlight weaknesses in institutional mechanisms for resolving inter-state disputes.

Critical Evaluation:

Modern Indian federalism increasingly combines cooperative and competitive dimensions. Cooperative federalism involves collaboration between the Centre and states in policy formulation and implementation. Institutions such as the GST Council, NITI Aayog, Inter-State Council illustrate this model.

Economic liberalization encouraged states to compete for investments, industrial growth, and ease of doing business. Competitive federalism has improved innovation and governance efficiency in several states. However, excessive competition may also widen regional inequalities.

India's federal framework has displayed remarkable resilience despite numerous political and economic challenges. The evolution of Centre–State relations demonstrates a gradual shift from centralized governance toward participatory federalism. Yet, the balance remains delicate. On one hand coalition politics, judicial activism, fiscal decentralization, institutional dialogue have strengthened state participation. On the other hand centralized taxation, expanding use of cesses, political role of governors, increasing central intervention continue to generate concerns regarding state autonomy.

Indian federalism therefore remains dynamic rather than static. It adapts continuously to political realities, economic transformations, and constitutional interpretations.

Conclusion:

The evolution of Centre–State relations in India reflects the changing nature of Indian democracy and governance. The Constitution created a federal structure with a strong Centre to preserve unity in a diverse society. Over time, political pluralism, economic reforms, and judicial interventions have encouraged greater decentralization and cooperation.

Contemporary Indian federalism is characterized by both collaborative governance and centralizing tendencies. Institutions such as the GST Council and NITI Aayog symbolize cooperative federalism, while disputes over fiscal transfers, role of governors, and policy autonomy reveal persistent tensions.

For India's federal framework to remain effective,

there is a need to strengthen institutional dialogue, ensure fair fiscal devolution, maintain neutrality of governors, respect constitutional morality and promote genuine cooperative federalism. A balanced and participatory federal structure is essential not only for democratic governance but also for preserving India's unity in diversity.

REFERENCES

- Austin, Granville (1999). *Working a Democratic Constitution*, Oxford University Press.
- Basu, D.D. (2018). *Introduction to the Constitution of India*, LexisNexis Publications.
- Jain, M.P. (2025). *Indian Constitutional Law*, LexisNexis Publications.
- Nain, S.S. (2018). *Changing Dynamics of Indian Federation in the post coalition era*, 79(3):585-592.
- Punchhi Commission Report on Centre–State Relations (2010). Government of India, 2010.
- Sarkaria Commission Report on Centre–State Relations (1988). Government of India, 1988.
- Singh, Anushka and Srivastava, Axita (2025). *Federalism Centre and State Relation in India*, *International Journal of Research Publication & Reviews*, 6(6):13101-13109.
- Singh, Nirvikar (2021). *Federalism and Fiscal Imbalance in India*. *India Review*, 20(1):1-18..
- S. R. Bommai v. Union of India (1994) Judgment.
