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FEDERALISM CENTRE AND STATE RELATION IN INDIA

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ABSTRACT :

This paper explores the constitutional, judicial, and political dimensions of federalism in India, with a critical focus on Centre-State relations. It begins by tracing the historical roots of Indian federalism through the Government of India Acts of 1919 and 1935, and the deliberations of the Constituent Assembly. The paper then examines the constitutional framework governing the distribution of legislative and fiscal powers, particularly under Articles 245–263, Article 280, and the Seventh Schedule. It discusses the evolving jurisprudence through landmark Supreme Court cases like *S.R. Bommai v. Union of India* and *Mohit Minerals v. Union of India*, analyzing how the judiciary has interpreted federalism as part of the Constitution's basic structure. Contemporary challenges are assessed, including the misuse of Article 356, the politicization of Governors, fiscal centralization under the GST regime, and Centre-State frictions during the COVID-19 pandemic. The study concludes with recommendations for strengthening cooperative federalism, ensuring fiscal equity, and preserving democratic federal values in the face of increasing centralization. By blending doctrinal analysis with real-world issues, this paper offers a comprehensive and critical examination of Indian federalism in theory and practice.

Keywords: Federalism, Centre-State Relations, Indian Constitution, Article 356, GST Council, Governor's Role, Cooperative Federalism, Constitutional Law, Judicial Review, Fiscal Autonomy, Basic Structure Doctrine, Article 254, Sarkaria Commission.

1. Introduction

Federalism refers to a system of governance in which powers are constitutionally divided between a central authority and constituent political units (such as states or provinces), ensuring both levels derive their authority from the Constitution itself and are thus autonomous within their respective spheres.¹ It is premised on the principle of *dual sovereignty*, aimed at balancing the need for unity with regional autonomy.

Unlike the United States, which represents a classic example of a federal polity where states entered into a union voluntarily and retain significant autonomy², India adopts what has been termed as a quasi-federal structure. This term, famously coined by K.C. Wheare, characterizes India's federalism as one with a strong centralizing bias³. The Indian Constitution, although federal in form, exhibits unitary features in spirit, especially in times of emergency or inter-governmental conflict⁴.

The constitutional design of Indian federalism is laid down primarily between Articles 1 and 263. Article 1 declares India as a "Union of States", indicating an indestructible union with destructible units⁵. Articles 245 to 255 delineate the legislative competence of the Union and State governments via the Seventh Schedule, which includes the Union, State, and Concurrent Lists⁶. Financial relations are governed by Articles 268 to 293, covering taxation powers, grants-in-aid, and the role of the Finance Commission⁷. Furthermore, Article 263 provides for the establishment of an Inter-State Council to facilitate coordination between the Centre and the States⁸.

Thus, while federalism in India is constitutionally enshrined, its practical application is nuanced by its unique history, administrative needs, and political developments.

2. Historical Background of Indian Federalism

The federal structure of the Indian Constitution did not emerge in a vacuum but was the result of a gradual and often reluctant evolution of constitutional governance under colonial rule. The journey from centralized colonial administration to a constitutionally enshrined quasi-federal system

¹ M.P. Jain, *Indian Constitutional Law* (LexisNexis, 8th edn., 2018) 233.

² K.C. Wheare, *Federal Government* (Oxford University Press, 4th edn., 1963) 20.

³ Ibid 27.

⁴ D.D. Basu, *Introduction to the Constitution of India* (LexisNexis, 24th edn., 2022) 97.

⁵ Constitution of India, Art. 1.

⁶ Constitution of India, Arts. 245–255; See also Seventh Schedule.

⁷ Constitution of India, Arts. 268–293.

⁸ Constitution of India, Art. 263.

was marked by significant milestones, most notably the Government of India Acts of 1919 and 1935, and later, the exhaustive deliberations of the Constituent Assembly. Together, these formed the constitutional bedrock upon which India's unique federal architecture was built.

2.1. Government of India Act, 1919: Dyarchy as Proto-Federalism

The Government of India Act, 1919—commonly referred to as the Montagu-Chelmsford Reforms—marked the first formal recognition of the principle of *devolution of powers* in colonial India.⁹ Although it fell short of establishing a federal system in the true sense, it introduced the concept of dyarchy in the provinces, dividing provincial subjects into “Reserved” and “Transferred” categories. While the former remained under the control of the Governor and his Executive Council (usually British officials), the latter were administered by Indian ministers who were responsible to the provincial legislatures.¹⁰

This bifurcation reflected an early, though flawed, attempt at decentralizing administrative power. Importantly, it exposed the tensions inherent in shared governance and planted the seeds for a later, more coherent division of powers between Centre and State. Yet, the lack of real autonomy and the overriding authority retained by the Governor exposed the inadequacy of the system and led to its eventual abandonment.¹¹

2.2. Government of India Act, 1935: The Federal Blueprint

The Government of India Act, 1935 stands as the most significant precursor to India's present-day federal arrangement. It represented a watershed moment in constitutional development, proposing, for the first time, a federal structure for India. The Act envisaged a federation of British Indian provinces and princely states, with a distribution of powers between the Centre and the Provinces.¹²

The Act introduced a three-fold division of powers—Federal, Provincial, and Concurrent lists—laying the groundwork for the Seventh Schedule of the Indian Constitution.¹³ It also granted provinces substantial autonomy by abolishing dyarchy at the provincial level and instituting responsible government. However, at the federal level, dyarchy was retained, and the central government continued to be heavily controlled by the British Crown.

Though the federal part of the Act never came into effect—largely because princely states refused to join the proposed federation—it had a profound influence on the constitutional imagination of India's founding fathers.¹⁴ Features such as the bicameral legislature, separation of powers, and provisions for emergency powers were later adopted, with modifications, in the Constitution of India.

The 1935 Act's emphasis on autonomy was particularly notable. It granted provinces legislative and executive authority over subjects in the Provincial List, subject to some limitations. This recognition of provincial self-rule was a significant step towards a genuine federal model, even if it was ultimately undermined by the overriding powers of the Governor-General and the Secretary of State.¹⁵

2.3. Influence on the Indian Constitution

It is often said that the Indian Constitution is not an entirely original document but rather a “bag of borrowings.”¹⁶ Nowhere is this more apparent than in the federal framework, where the architects of the Constitution drew heavily from the Government of India Act, 1935. B.R. Ambedkar, in fact, candidly acknowledged that “the Constitution has borrowed most of the provisions from the 1935 Act.”¹⁷

The Seventh Schedule of the Indian Constitution, with its Union, State, and Concurrent Lists, is directly descended from the structure introduced in 1935. The presence of Article 246, which delineates legislative competence, also reflects this heritage. Moreover, the principle of a strong Centre—a defining characteristic of Indian federalism—can be traced to the emergency powers vested in the Governor-General by the 1935 Act, and later codified in Articles 352 to 360 of the Constitution.¹⁸

However, the Constitution makers did not adopt the 1935 Act wholesale. Instead, they restructured its colonial logic to suit the needs of a sovereign democratic republic. The Act's authoritarian features—such as the overriding powers of the Governor-General—were replaced by constitutional safeguards, justiciable rights, and institutional checks and balances.¹⁹ The Indian Constitution, while drawing from the colonial framework, transformed it into a liberal-democratic blueprint, preserving unity while accommodating regional diversity.

⁹ Granville Austin, *The Indian Constitution: Cornerstone of a Nation* (Oxford University Press, 1999) 113.

¹⁰ D.D. Basu, *Introduction to the Constitution of India* (LexisNexis, 24th edn., 2022) 72.

¹¹ M.V. Pylee, *India's Constitution* (S. Chand & Co., 17th edn., 2016) 132.

¹² Government of India Act, 1935, Sections 100–104.

¹³ *Ibid*; See also Seventh Schedule, Constitution of India.

¹⁴ S.C. Kashyap, *Constitutional Law of India* (Universal Law Publishing, 2019) 231.

¹⁵ A.G. Noorani, *Constitutional Questions in India* (Oxford University Press, 2000) 19.

¹⁶ Subhash C. Kashyap, *Our Constitution* (National Book Trust, 2008) 47.

¹⁷ Constituent Assembly Debates, Vol. VII, p. 36 (4 November 1948).

¹⁸ Constitution of India, Arts. 352–360.

¹⁹ Granville Austin (n 1) 121.

2.4. Constituent Assembly Debates: The Ideological Crucible

Perhaps the most crucial phase in shaping India's federalism was the debate within the Constituent Assembly, which met for the first time on December 9, 1946. The deliberations reflected deep concerns over national integration, administrative efficiency, and regional aspirations. The trauma of Partition and the fear of secessionism—exemplified by the case of princely states like Hyderabad and Kashmir—strongly influenced the Assembly's preference for a unitary tilt within a federal framework.²⁰

Dr. B.R. Ambedkar, as Chairman of the Drafting Committee, defended this approach in the Assembly. He stated that “though India is a federation, the federation is not the result of an agreement by the units” and that “the federation is a union because it is indissoluble.”²¹ This assertion, later codified in Article 1, laid the foundation for a Union of States, as opposed to a loose federation.

The debates also highlighted the dilemma between legislative autonomy and national integration. Members like K.T. Shah and H.V. Kamath raised concerns over excessive centralization, fearing that it would stifle regional aspirations.²² Others, such as Jawaharlal Nehru and Vallabhbhai Patel, emphasized the necessity of a strong Centre to maintain unity in a newly independent and diverse nation.²³ Ultimately, the Assembly settled on a quasi-federal model, characterized by a strong Centre with States enjoying autonomy in defined spheres.

The role of the Inter-State Council, now under Article 263, also emerged from these discussions as a mechanism to foster cooperative federalism. Similarly, Article 356, though heavily criticized later for political misuse, was seen at the time as a necessary provision for maintaining constitutional machinery in the States.²⁴

3. Constitutional Framework of Federalism

The Indian Constitution provides a detailed and meticulously organized framework for federal governance, enshrined primarily in Part XI (Articles 245 to 263) and Part XII (Articles 264 to 293). It carves out distinct domains of authority for the Union and the States, aiming to harmonize national unity with regional autonomy. However, the structure is carefully tilted in favour of the Centre, reflecting India's unique historical context and its need to maintain integrity in a vast, diverse, and newly independent polity.

3.1 Division of Powers: The Three Lists in the Seventh Schedule

The essence of Indian federalism lies in the distribution of legislative powers between the Centre and the States through the Seventh Schedule, which comprises three lists — the Union List, State List, and Concurrent List.²⁵

- The Union List (List I) contains subjects of national importance such as defence, foreign affairs, banking, atomic energy, and inter-state trade. Only Parliament has exclusive legislative competence over these.²⁶
- The State List (List II) includes areas of regional or local significance like police, public health, agriculture, and local government, and is primarily under the jurisdiction of State legislatures.²⁷
- The Concurrent List (List III) comprises subjects such as education, marriage, bankruptcy, forests, and trade unions, where both Parliament and State legislatures can legislate. However, in case of any conflict between Central and State laws on a subject in this list, the Central law prevails, as elaborated under Article 254.²⁸

This three-tiered scheme, inspired by the Government of India Act, 1935, not only codifies legislative federalism but also subtly embeds the hierarchy of powers, reflecting the Constitution's quasi-federal tilt.²⁹ The fact that residuary powers rest with the Union under Article 248, unlike classical federal systems where they lie with the States (as in the U.S.), further reinforces the Centre's primacy.³⁰

3.2 Article 246 and the Doctrine of Repugnancy

Article 246 is the cornerstone of the constitutional scheme for legislative competence. It clearly demarcates the legislative domains of Parliament and

²⁰ Rajeev Bhargava (ed.), *Politics and Ethics of the Indian Constitution* (Oxford University Press, 2008) 89.

²¹ Constituent Assembly Debates, Vol. XI (22 November 1949) 951.

²² Constituent Assembly Debates, Vol. IX (30 August 1949) 768.

²³ Ibid; See also B. Shiva Rao (ed.), *The Framing of India's Constitution: Select Documents* (Universal Law Publishing, 2004).

²⁴ Constitution of India, Art. 356; See also H.M. Seervai, *Constitutional Law of India* (Universal Law Publishing, 4th edn., 2013) 1457

²⁵ Constitution of India, Seventh Schedule.

²⁶ Ibid., List I (Union List).

²⁷ Ibid., List II (State List).

²⁸ Constitution of India, Art. 254.

²⁹ M.P. Jain, *Indian Constitutional Law* (LexisNexis, 8th edn., 2018) 456.

³⁰ Constitution of India, Art. 248.

State legislatures, aligning them with the three Lists of the Seventh Schedule. Clause (1) of Article 246 confers exclusive powers to Parliament over the Union List, Clause (2) grants concurrent powers to both Centre and States over the Concurrent List, and Clause (3) reserves the State List exclusively for States.³¹

However, when laws enacted by Parliament and a State legislature on the same subject in the Concurrent List are inconsistent or repugnant, Article 254 becomes operative. According to this provision, if a State law conflicts with a Central law, the latter shall prevail to the extent of repugnancy. Nonetheless, an exception exists: if a State law receives the President's assent under Article 254(2), it can override the Central law within that State — unless Parliament subsequently enacts a conflicting law.³²

The Supreme Court of India has elucidated the doctrine of repugnancy in several decisions. In *M. Karunanidhi v. Union of India*, the Court laid down that repugnancy arises only when both laws are irreconcilable or occupy the same field, and compliance with one results in contravention of the other.³³ While this doctrine serves to maintain constitutional order, critics argue that its frequent invocation reinforces the centralizing tendency and limits true cooperative federalism.

3.3 Financial Federalism: Article 280 and the Role of the GST Council

The principle of federalism is hollow without financial autonomy. Recognizing this, the Constitution establishes a robust architecture for financial federalism under Part XII, with Article 280 being pivotal. It provides for the constitution of a Finance Commission every five years to recommend the distribution of tax revenues between the Centre and the States.³⁴ The Finance Commission addresses vertical imbalances (between Centre and States) and horizontal imbalances (among States themselves), thereby ensuring a more equitable fiscal federalism.

Over the years, successive Finance Commissions have played a vital role in redefining fiscal relations. Notably, the 14th Finance Commission (2015–2020) enhanced the States' share in the divisible pool from 32% to 42%, marking a significant shift towards empowering States financially.³⁵

The introduction of the Goods and Services Tax (GST) regime in 2017 fundamentally altered India's fiscal federalism. The Constitution (101st Amendment) Act, 2016 created a GST Council under Article 279A, a federal institution comprising the Union Finance Minister and the Finance Ministers of all States.³⁶ The GST Council is designed to foster cooperative federalism, as it requires consensus-building among the Centre and the States for key decisions, including tax rates, exemptions, and procedural rules.³⁷

However, critics have raised concerns about the imbalance of voting power in the GST Council, where the Centre holds one-third of the voting rights and the States collectively hold two-thirds — but decisions require a three-fourths majority. This means the Centre effectively has veto power over decisions, which may dilute the cooperative nature of the Council.³⁸

Moreover, delays in GST compensation payments to States, especially during the COVID-19 pandemic, have sparked debates about the fiscal autonomy of States and the need to reconsider revenue arrangements.³⁹ These developments underscore the continuing tension between the promise and practice of federalism in India.

4. Role of Judiciary in Interpreting Federalism

In a federal constitutional system, the judiciary performs a vital function not only as the arbiter of disputes between the Centre and the States but also as the interpreter of the federal compact itself. In India, this role is especially crucial given the quasi-federal nature of the Constitution. The Supreme Court and High Courts have played an active part in defining the contours of Centre-State relations, striking a balance between central supremacy and State autonomy through constitutional interpretation. Over the decades, the judiciary has evolved a nuanced jurisprudence around federalism—sometimes reinforcing the Centre's dominance, and at other times safeguarding the States' rights.

4.1. Early Judicial Endorsement of Central Supremacy

In the early post-Constitution era, the judiciary appeared to endorse a strong Centre, reflecting the framers' concerns over national integration. One of the first landmark decisions in this regard was *State of West Bengal v. Union of India* (1963), where the Supreme Court held that the Indian

³¹ Constitution of India, Art. 246.

³² H.M. Seervai, *Constitutional Law of India* (Universal Law Publishing, 4th edn., 2013) 1443.

³³ *M. Karunanidhi v. Union of India*, AIR 1979 SC 898.

³⁴ Constitution of India, Art. 280.

³⁵ Report of the 14th Finance Commission (2015), Government of India, available at <https://fincomindia.nic.in/>.

³⁶ Constitution of India, Art. 279A; Constitution (101st Amendment) Act, 2016.

³⁷ V. Bhaskar and A. Ghosh, *GST in India: A Simple Tax in a Complex Federal System* (Orient BlackSwan, 2021) 87.

³⁸ P.K. Sinha, "GST and Federalism in India," *Economic and Political Weekly*, Vol. 53, No. 29 (2018) 36–40.

³⁹ Nirvikar Singh, "Federalism and Fiscal Imbalance in India," *India Review*, Vol. 20, No. 1 (2021) 1–18.

Constitution does not embody a traditional federal structure like that of the United States.⁴⁰ In this case, the State of West Bengal had challenged the Union's competence to acquire its coal-bearing lands without the State's consent. The Court held that the Union has the authority to legislate even in matters affecting State property, reiterating that India is a Union of States, not a league of sovereign units.⁴¹ Justice Gajendragadkar famously described the Indian federation as not one "by compact," but one that is "indestructible" and heavily weighted in favour of the Centre.⁴²

This early interpretation laid the groundwork for viewing Indian federalism through a centralised lens, a view that was only reinforced during the Emergency era (1975–1977), where central authority was asserted over States with minimal judicial pushback.

4.2. *The Bommai Verdict: Revival of Constitutional Federalism*

The most transformative moment in judicial interpretation of Indian federalism came with *S.R. Bommai v. Union of India* (1994). This watershed case concerned the misuse of Article 356 (President's Rule) by the Union government to dismiss State governments controlled by opposition parties.⁴³ The Supreme Court, in a powerful constitutional assertion, held that federalism is part of the basic structure of the Constitution and that judicial review is permissible over the imposition of President's Rule.⁴⁴ The Court emphasized that States are not mere appendages of the Centre, and arbitrary dismissal of State governments would amount to subversion of democratic federalism.⁴⁵

The Bommai judgment marked a pivotal shift from a formalistic, text-bound interpretation to a structural reading of the Constitution, where the principle of federalism was elevated to a non-amendable feature under the basic structure doctrine, first laid down in *Kesavananda Bharati v. State of Kerala*.⁴⁶ This decision also introduced a standard of constitutional morality in Centre-State relations, advocating political neutrality in the use of emergency powers.

4.3. *Functional Autonomy of States and Judicial Nuance*

Subsequent decisions expanded upon the spirit of Bommai. In *Rameshwar Prasad v. Union of India* (2006), concerning the dissolution of the Bihar Assembly, the Court reiterated that Article 356 should be used sparingly and not for political gain.⁴⁷ It invalidated the dissolution, underlining that States enjoy a constitutionally protected status, and that democracy and federalism are co-dependent principles.⁴⁸

In *Kuldip Nayar v. Union of India* (2006), the Court upheld the amendment removing the domicile requirement for Rajya Sabha elections, noting that Indian federalism is not rigid, but rather a flexible arrangement suited to Indian diversity.⁴⁹ Although the Court accepted a unitary tendency here, it maintained that the States' political relevance is preserved through their role in the federal polity.

The judiciary has also intervened in disputes over financial federalism, particularly in the GST era. While the Goods and Services Tax (GST) Council was envisioned as a cooperative federal institution, its functioning has sparked judicial commentary. In *Mohit Minerals Pvt Ltd v. Union of India* (2022), the Supreme Court ruled that the GST Council's decisions are not binding, but only recommendatory, restoring some measure of fiscal autonomy to States.⁵⁰ The Court clarified that the Council must operate within a spirit of collaborative federalism, not coercive federalism.⁵¹

4.4. *Role in Disputes over Legislative Competence*

Judicial interpretation has also been pivotal in resolving legislative competence conflicts. Article 131 provides original jurisdiction to the Supreme Court to adjudicate Centre-State or inter-State disputes. In *State of Jharkhand v. State of Bihar* (2015), the Court reaffirmed that such disputes can involve questions of constitutional law, not necessarily arising from legislation alone.⁵²

In cases involving repugnancy under Article 254, the judiciary has clarified how conflicting laws between the Centre and State are to be handled. In *Hoechst Pharmaceuticals Ltd v. State of Bihar* (1983), the Court held that the mere inclusion of a subject in the Concurrent List does not automatically

⁴⁰ *State of West Bengal v. Union of India*, AIR 1963 SC 1241.

⁴¹ *Ibid.*

⁴² M.P. Jain, *Indian Constitutional Law* (LexisNexis, 8th edn., 2018) 334.

⁴³ *S.R. Bommai v. Union of India*, AIR 1994 SC 1918.

⁴⁴ *Ibid.*, paras 272–280.

⁴⁵ D.D. Basu, *Introduction to the Constitution of India* (LexisNexis, 24th edn., 2022) 126.

⁴⁶ *Kesavananda Bharati v. State of Kerala*, AIR 1973 SC 1461.

⁴⁷ *Rameshwar Prasad v. Union of India*, (2006) 2 SCC 1.

⁴⁸ *Ibid.*

⁴⁹ *Kuldip Nayar v. Union of India*, AIR 2006 SC 3127.

⁵⁰ *Mohit Minerals Pvt Ltd v. Union of India*, 2022 SCC OnLine SC 657.

⁵¹ *Ibid.*, para 51.

⁵² *State of Jharkhand v. State of Bihar*, (2015) 2 SCC 431.

void State legislation; repugnancy must be clearly demonstrated.⁵³

Moreover, in *State of Kerala v. Union of India* (2019), the Kerala Government challenged the constitutionality of the Citizenship (Amendment) Act (CAA) under Article 131. Although the matter is pending, it raises significant questions about States' standing to question Central laws, especially when constitutional rights and federal principles are invoked simultaneously.⁵⁴

4.5. Judicial Recognition of Cooperative Federalism

More recently, the judiciary has articulated the importance of cooperative and competitive federalism as integral to the Indian constitutional order. In *State of Punjab v. State of Haryana and Another* (2016), concerning the sharing of river waters, the Court stressed the need for constitutional negotiation and mutual respect rather than adversarial postures.⁵⁵ Similarly, in environmental governance, the judiciary has called for inter-governmental cooperation to address national challenges like pollution and climate change.

In a pathbreaking decision, the Supreme Court in *Indian Medical Association v. Union of India* (2011) warned against excessive intrusion by the Centre in regulatory matters which constitutionally belong to the States, such as public health.⁵⁶ This judicial restraint demonstrated a maturing view of federal balance where governance is shared, not imposed.

5. Contemporary Issues in Centre-State Relations

While the Indian Constitution provides a detailed framework for a functional federal system, its working in contemporary times reveals a landscape fraught with structural tensions and political friction. The principle of cooperative federalism, once envisioned as the cornerstone of Centre-State harmony, is often tested by asymmetries in power, fiscal dependency, and political competition. From the recurrent controversies surrounding Article 356 to the contested role of Governors, from the GST regime to pandemic-era decision-making, modern Centre-State relations reflect both the evolving dynamism and enduring strains within Indian federalism.

5.1 Article 356: Misuse and Constitutional Morality

One of the most controversial features of India's federal design is Article 356, which empowers the President to assume the functions of a State government if there is a failure of constitutional machinery. Though originally intended as a last resort to address genuine breakdowns of governance, its frequent misuse for political purposes—especially by the ruling party at the Centre—has attracted severe criticism.

During the 1970s and 1980s, Article 356 was invoked with alarming regularity to dismiss State governments run by rival parties. The most infamous example remains the mass dismissal of nine opposition-ruled State governments in 1977 by the Janata government and again in 1980 by Indira Gandhi's regime after her return to power.⁵⁷ This practice reached such excesses that Justice Sarkaria, in his landmark Sarkaria Commission Report (1988), emphasized that Article 356 must be used "very sparingly, in extreme cases" and not as a political weapon.⁵⁸

Judicial restraint was initially evident in cases like *A.K. Roy v. Union of India*, where the Supreme Court refused to scrutinize the imposition of President's Rule.⁵⁹ However, the turning point came in *S.R. Bommai v. Union of India* (1994), where the Court held that judicial review of Article 356 proclamations is permissible, and that mala fide or irrelevant grounds could render such action unconstitutional.⁶⁰ Despite this, in practice, central governments continue to be tempted to exercise this power, revealing that constitutional morality remains contingent on political restraint—a commodity often in short supply.

5.2 Role of Governors: Between Neutral Arbiter and Political Agent

The office of the Governor, envisaged under Part VI of the Constitution (Articles 153 to 162), was designed to function as a constitutional bridge between the Union and the States. However, in practice, Governors have often acted as agents of the Centre, accused of partisanship, particularly in matters such as government formation, recommending President's Rule, and withholding assent to bills passed by State legislatures.⁶¹

The issue of Governors inviting political parties with questionable majority claims to form governments—as witnessed in Karnataka (2018) and

⁵³ *Hoechst Pharmaceuticals Ltd v. State of Bihar*, AIR 1983 SC 1019.

⁵⁴ *State of Kerala v. Union of India*, W.P. (C) No. 229/2020.

⁵⁵ *State of Punjab v. State of Haryana and Another*, (2016) 4 SCC 434.

⁵⁶ *Indian Medical Association v. Union of India*, (2011) 7 SCC 179.

⁵⁷ Granville Austin, *Working a Democratic Constitution* (Oxford University Press, 1999) 703.

⁵⁸ Sarkaria Commission Report (1988), Ministry of Home Affairs, Government of India, Ch. VI.

⁵⁹ *A.K. Roy v. Union of India*, AIR 1982 SC 710.

⁶⁰ *S.R. Bommai v. Union of India*, AIR 1994 SC 1918.

⁶¹ Constitution of India, Part VI, Arts. 153–162.

Maharashtra (2019)—has raised serious concerns about democratic backsliding and manipulation of constitutional procedure.⁶² The Punchhi Commission Report (2010) strongly recommended reforms, including a fixed tenure, consultation with the Chief Minister for appointments, and a code of conduct, to ensure neutrality and accountability.⁶³

Yet, these recommendations remain largely unimplemented, allowing the Centre to continue exploiting this constitutional office for political gains. The increasing trend of Governors reserving bills indefinitely—effectively delaying State legislation—is seen by many jurists as a breach of the spirit of federalism.⁶⁴ The Supreme Court, in *Shamsher Singh v. State of Punjab*, warned that the Governor is not an “independent constitutional authority” but must act on the advice of the Council of Ministers in most cases.⁶⁵ Still, ambiguity persists due to lack of codified conventions, leading to friction and accusations of overreach.

5.3 GST and the Erosion of Fiscal Autonomy

The implementation of the Goods and Services Tax (GST) in 2017, through the 101st Constitutional Amendment, significantly altered the financial architecture of federalism in India. It led to the abolition of multiple indirect taxes levied by both the Centre and the States and replaced them with a unified tax regime. The creation of the GST Council under Article 279A was a move toward institutionalizing cooperative fiscal federalism.⁶⁶

However, several States have expressed concern that GST has eroded their fiscal autonomy. Prior to GST, States exercised significant control over revenue-generating taxes like VAT and octroi. Under the new system, they now have to share power over tax rates and administration with the Centre and other States.⁶⁷ Moreover, the Centre’s delay in compensating States for GST shortfalls—especially post-COVID—strained Centre-State relations, with States accusing the Union of renegeing on constitutional guarantees.⁶⁸

In *Mohit Minerals v. Union of India* (2022), the Supreme Court clarified that the GST Council’s decisions are not binding and that the Centre and States retain parallel powers to legislate on GST matters.⁶⁹ This restored a degree of balance, yet practical disparities remain, especially given the Centre’s veto power in the Council and its central role in revenue distribution.

5.4 Political Centralisation and the “One Nation-One Policy” Model

Over recent years, the Union government has increasingly advocated for policies under the “One Nation-One Policy” banner, such as One Nation-One Ration Card, One Nation-One Election, and National Education Policy (NEP) 2020. While proponents argue that such policies promote efficiency, national integration, and uniform standards, critics contend that they undermine State autonomy, particularly in areas listed under the State List or Concurrent List.⁷⁰

For instance, education and health—traditionally subjects of State control—have witnessed significant central encroachment under the NEP and health insurance schemes like Ayushman Bharat. Critics argue that such centralization disregards the regional diversity and specific needs of States, particularly smaller or socio-economically distinct ones.⁷¹

The One Nation-One Election proposal, though backed by arguments of electoral economy and stability, raises constitutional and logistical challenges. Elections to State Assemblies are mandated under Article 172, and aligning them with parliamentary elections would require multiple constitutional amendments and consent of States, which appears unlikely given its impact on State governments’ term sovereignty.⁷²

5.5 COVID-19: A Stress Test for Federal Governance

The COVID-19 pandemic exposed the fault lines in India’s federal governance like never before. Public health is a State subject under Entry 6 of List II, yet the Disaster Management Act, 2005, a central legislation, was invoked to enforce national lockdowns and coordinate health policy.⁷³ Many States voiced concerns over lack of consultation, inflexible directives, and inequitable distribution of medical supplies and vaccines.

For instance, decisions related to lockdown implementation, inter-State travel restrictions, and vaccine pricing were largely centralised, despite States

⁶² *B.S. Yeddyurappa v. Governor of Karnataka*, 2018 SCC OnLine SC 408.

⁶³ Punchhi Commission Report (2010), Ministry of Home Affairs, available at <https://www.mha.gov.in/>.

⁶⁴ Arvind P. Datar, *Constitutional Law* (LexisNexis, 2nd edn., 2021) 392.

⁶⁵ *Shamsher Singh v. State of Punjab*, AIR 1974 SC 2192.

⁶⁶ Constitution of India, Art. 279A; Constitution (101st Amendment) Act, 2016.

⁶⁷ M. Govinda Rao, “GST and Fiscal Federalism,” *EPW*, Vol. 54, No. 30 (2019) 45.

⁶⁸ Report of the CAG on GST Compensation to States (2021), available at <https://cag.gov.in/>.

⁶⁹ *Mohit Minerals v. Union of India*, 2022 SCC OnLine SC 657.

⁷⁰ Rajeev Bhargava, *Politics and Ethics of the Indian Constitution* (Oxford University Press, 2008) 243.

⁷¹ Pratap Bhanu Mehta, “One Nation, Many Realities,” *Indian Express*, 12 August 2020.

⁷² Suhas Palshikar, “One Nation, One Election: A Federal Dilemma,” *Seminar*, No. 729 (2020).

⁷³ Disaster Management Act, 2005, s. 6(2)(i).

bearing the brunt of healthcare management. The initial dual pricing model for vaccines was widely criticized for undermining equity and burdening States with procurement responsibilities without adequate support.⁷⁴

Legal scholars argue that the pandemic showcased the limitations of a command-and-control federal model, and called for cooperative mechanisms that allow both tiers of government to function in synergy.⁷⁵ The Supreme Court, in its suo motu hearings on pandemic management, emphasized the need for transparent and inclusive decision-making, indirectly affirming the importance of shared governance.⁷⁶

6. Conclusion and Recommendations

The Indian model of federalism, though inspired by classical federations like the United States, remains distinctly sui generis — a federal structure with a unitary bias, forged in the crucible of post-colonial nation-building. The framers of the Constitution, cognizant of India's immense social, linguistic, and cultural diversity, chose to embed both diversity and unity into the federal framework. This is reflected in the distribution of powers across three lists, the institution of the Finance Commission, and provisions such as Article 263, which encourage cooperation among States and the Centre.

However, federalism in India is not merely a matter of legal design — it is a living political arrangement. Over time, judicial interpretations, political dynamics, fiscal arrangements, and administrative practices have profoundly shaped the actual functioning of the Centre-State relationship. The early years of central dominance, particularly under the one-party system, have gradually given way to a more contested and negotiated federalism with the rise of regional political parties, coalition governments, and an increasingly assertive judiciary.

At the same time, troubling trends have emerged. The misuse of Article 356, politicisation of gubernatorial discretion, imbalanced fiscal arrangements under the GST regime, and centralising tendencies under the banner of “One Nation-One Policy” threaten the spirit of cooperative federalism. Events such as the Centre's unilateral handling of the COVID-19 crisis and vaccine distribution, as well as delays in GST compensation, have heightened tensions between the Union and the States.

While the Constitution remains flexible and resilient, the federal balance is being tested in new and increasingly complex ways. It is therefore imperative to institutionalize safeguards, promote dialogue, and reinvigorate cooperative mechanisms to ensure that India's federal polity remains robust, responsive, and democratic.

Recommendations

- Though judicial review has tempered the misuse of Article 356, the power to impose President's Rule continues to be subject to political manipulation. Following the recommendations of the Sarkaria Commission and Punchhi Commission, constitutional conventions should be codified through statutory or parliamentary guidelines requiring objective standards for determining the breakdown of constitutional machinery. A mandatory floor test in the Assembly and prior judicial review may serve as effective checks.
- The Governor's role must be restructured to prevent partisanship. The appointment process should involve consultation with the Chief Minister, and Governors should be appointed from outside the State to avoid conflicts of interest, as recommended by the Punchhi Commission. A fixed tenure, and a code of conduct for gubernatorial conduct, can enhance neutrality. The practice of indefinite bill reservation should be statutorily time-bound and subject to judicial review.
- The GST Council must evolve into a truly federal body. The Centre's effective veto in Council decisions distorts the federal bargain. Voting rights should be recalibrated to reflect fiscal contributions and population. Compensation mechanisms should be constitutionally guaranteed to prevent arbitrary delays, and the recommendatory status of GST Council decisions, as clarified by the Supreme Court, should be respected.
- To revitalize horizontal and vertical cooperation, the Inter-State Council (ISC) under Article 263 should be made a permanent constitutional body, with mandatory annual meetings. The Council should have a dedicated Secretariat, legislative research staff, and the power to initiate model laws, much like the Law Commission. Zonal Councils should be empowered to deliberate on regional development strategies and inter-State disputes.
- The 14th and 15th Finance Commissions rightly increased the States' share in the divisible pool, but unconditional grants must be prioritized over centrally sponsored schemes that constrain fiscal flexibility. State Finance Commissions (under Article 243-I), often neglected, must be empowered and held accountable to ensure vertical equity within States and to promote local self-governance.
- The doctrine of cooperative federalism must evolve from judicial rhetoric to administrative and legislative practice. Constitutional amendments may not always be feasible, but conventions and institutional norms (e.g., prior consultation with States on legislation affecting Concurrent List subjects) can be developed and institutionalized. Periodic Centre-State conferences, inclusive policy planning, and shared

⁷⁴ D.D. Basu, *Introduction to the Constitution of India* (LexisNexis, 24th edn., 2022) 406.

⁷⁵ Yamini Aiyar, “Strengthening Federalism Post-COVID,” *CPR Policy Brief*, May 2021.

⁷⁶ *In Re: Distribution of Essential Supplies and Services During Pandemic*, Suo Motu Writ Petition (Civil) No. 3 of 2021

administrative frameworks can restore mutual trust.

- The push for One Nation-One Policy models must respect the diversity of Indian society and the autonomy of States under the constitutional scheme. Concurrent List subjects like education, health, and agriculture should be handled with consultative federalism, rather than executive fiat. Every major policy shift in these areas should be preceded by structured consultations through ISC or sectoral working groups.
- Digital platforms can be used to promote real-time coordination between Centre and States. Unified dashboards on health, disaster response, education, and fiscal flows can foster transparency and efficiency. An online Inter-Governmental Portal could streamline feedback, legislative tracking, and shared governance projects.
- The Supreme Court and High Courts must continue their role as sentinels of federalism. Federal disputes under Article 131, interpretation of financial obligations, and State rights in emerging domains such as digital governance and environmental regulation must be adjudicated with federal sensitivity.⁷ Judicial endorsement of federalism as part of the basic structure should guide constitutional behavior by all organs of the State.