

Revisiting The Centre–State Relations

The Centre–State relations in India have gone through many ups and downs over the years. There have always been accusations against the former for encroaching upon the latter's powers, thereby weakening the federal structure as enshrined in the Constitution of India. Many state governments have repeatedly accused the Centre against multiple deprivations including reducing central allocations to the provinces and taking many unilateral decisions which has resulted in further compromising our federal structure. An expectation for strengthening the federal structure was generated with the dismantling of the Planning Commission of India, an extra-Constitutional body with serious implications for Centre–State relations. However, many recent developments seem to have belied these expectations if the accusations from the many constituent state governments are to be believed.

The Constitution of India provides a federal system of government in the country even though it describes India as 'a Union of States'. The Constitution stipulates a dual polity with a clear division of powers between the Union and the States, each being supreme within the sphere allotted to it. The Indian federation is not the result of an agreement between sovereign units.

Hence, the units of Indian federation cannot leave the federation. The Constitution contains elaborate provisions to regulate the various dimensions of relations between the Centre and the states. The prescribed Union–State relationship of the Constitution has passed through many vicissitudes and strains since 1950. The dependence syndrome of states on the Union government has generated a lot of debates leading to several constitutional amendments. Many committees have since been set up from time to time to review the balance of power.

Relations between the Union and States are mainly categorised under three broad heads, namely legislative, administrative, and financial relations. The Constitution divides legislative authority between the Union and the States as specified in the three lists including the Union List, the State List, and the Concurrent List. The Union Parliament has exclusive authority to frame laws on subjects enumerated in the Union list containing 99 items. The State list consists of 61 subjects on which ordinarily the States alone can make laws. The Concurrent

list comprises of 52 items. Both the Parliament and the State legislatures can make laws on subjects enumerated in the Concurrent list, but the Centre has an overriding power to legislate on concurrent subjects.

In case of a conflict between the laws of the State and the Union laws on a subject in the Concurrent list, the law of the Parliament prevails. The residuary powers have been granted to the Union contrary to the convention in other federations of the world, where the residuary powers are given to the States. However, in case of any conflict, whether a particular matter falls under the residuary power or not is to be decided by the court. The Parliament can also legislate on subjects in the State list if the Rajya Sabha passes a resolution by two-third majority that it is necessary to do so in the national interest (Art. 249).

During times of emergency, the Parliament can make laws on subjects in the State List (Art.250). Under Article 356 relating to the failure of constitutional machinery in the state, the Parliament can take over the legislative authority of the state. Likewise, for the implementation of international treaties or agreements, the Parliament can legislate on state subjects. Finally, the Parliament can make laws on subjects in the State list if two or more states make a joint request to it to do so. Thus, the Centre enjoys more extensive powers than the States.

Article 256 lays down that the executive powers of the State are to be exercised in compliance with the Union Laws. Article 257 of the Constitution provides that the executive power of every state shall be so exercised as not to impede or prejudice the exercise of the executive power of the Union. The Centre acquires control over states through the Governor, All India Services, grants- in- aid and the fact that the Parliament can alone adjudicate in inter-state river disputes. During a proclamation of national emergency as well as emergency due to the failure of constitutional machinery in a state, the Union government assumes all the executive powers of the state.

Articles 268 to 293 deal with the provisions of financial relations between the Centre and the States. Both the Union government and the States have been provided with independent sources of revenue by the Constitution. The Parliament can levy taxes on the subjects included in the Union list, while the states can levy taxes on the subjects in the State list. Ordinarily, there are no taxes on the subjects in the Concurrent List. In the financial sphere also, the States are greatly dependent on the Centre for finances. The Centre exercises control over state finances through central grants and the Comptroller and Auditor General of India. But during financial emergency, the President has the power to suspend the provision regarding division of taxes between the Centre and the States.

In the last few decades, there has always been a growing conflict between the Union and the States on financial matters. With the enormous increase in transferred resources from the Centre to States, the Centre exerts huge political pressure over States through the instrument of Grants or loans. The latter has accused the former of hegemonic behaviour and discriminatory approach in financial allocations. The States claim that the Centre is entrusted with too many financial resources while the State Governments with so many vital functions to perform are starved. The Third, Sixth and Seventh Constitutional Amendments saw a further tilt of power towards the Centre.

The role of the Governor, proclamation of constitutional emergency and the use of paramilitary forces without the States' consent have also come under criticism, mainly from opposition-ruled States. The allegations and accusations of discrimination and deprivation have been more when there is a different political party ruling at the Centre and in the States. With an aim to secure an equitable regional development, the Centre feels perturbed at the objections of the more advanced States over its special treatment to the backward regions. The Centre has alleged that State governments tend to divert funds allocated for a particular scheme to other purpose. The Centre also resents the States' claiming credit for the successful implementation of Centrally-sponsored projects.

While the Constitution vouched for *cooperative federalism* through the formation of Inter-State Councils, Zonal Councils and other high levels bodies like the Planning Commission and the Finance Commission to bring about equitable distribution of resources, the reality today is of *bargaining federalism*. The Union government's stability today depends on its bargaining capacity to cope with the diverse demands put up by allies. The regional parties dominating the provincial governments are often seen bargaining with the Union government for better allocation of resources. Their success depends on their political clout. Whenever there is a single majority Government at the Centre, there is more of a centralising tendency at the Centre, which is seen to somewhat loosen in case of a coalition Government.

To reform the Centre–State relations, the Setalvad Study Team, the Administrative Reforms Commission, the Rajamannar Committee Report, 1971, and the Sarkaria Commission Report, 1983 came up with several suggestions but the recommendations were not implemented in full earnest. Thus, a comprehensive review is needed for Centre–State relations in general and Centre–State financial relations in particular. Various committees constituted so far on Centre–State financial relations have demanded political and financial autonomy for the States and restriction of power and financial resources of the Centre. Recent tax reforms and policies like GST have raised hope of better Centre–State co-ordination.

While the unifying role of the Centre in keeping the federal structure intact through optimal utilisation of human and financial resources in the best interest of the country cannot be denied, the basic assumption of the Constitution in favour of a strong Centre and weak dependent States is no longer acceptable to States. To become a truly developed Nation, a strong Centre requires equally strong and autonomous States, with balanced distribution of powers and proper checks and balances in order to ensure holistic development of the country.

Salient Points

- There have been accusations against the Centre for encroaching upon State's powers thereby weakening the federal structure.
- State governments have accused the Centre against multiple deprivations.
- With enormous increase in transferred resources from the Centre to States, the Centre exerts huge political pressure over States.
- The Centre has accused State governments of diverting funds allocated for a particular scheme.
- Union government's stability today depends on its bargaining capacity to cope with the diverse demands put up by allies.

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- A comprehensive review is needed for Centre–State relations in general and Centre–State financial relations in particular.
- To become a truly developed Nation, a strong Centre requires equally strong and autonomous States.
- Various committees have recommended political and financial autonomy for the States and restriction of power and financial resources of the Centre.

Glossary

Enshrined: preserved

Deprivation: denial of something considered necessary

Stipulate: specify

Vicissitude an unpleasant change of circumstances

Residuary: residual

Concurrent: existing at the same time

Hegemony: dominance

Federation: a group of states with a central government but independence in internal affairs

Optimal: optimum or most favourable