

Indian Federalism

One revision of the single most-tested Paper I theme — structure, fiscal core, centralising pulls and regional aspirations, in syllabus order.

Revise → write a little → don't break the chain.

"self-rule plus shared rule" — **Daniel J. Elazar**

This chapter in PYQs: 13 questions over 2015–2025 · marks span 10 / 15 / 20 · recurring asks: distribution of powers, cooperative → competitive shift, GST & NEET, asymmetry, Inter-State Council, dispute mechanisms, unitary appearance, new-state demands.

1 What Federalism Is — Meaning & Theoretical Basis

Core idea

Term from Latin **foedus** — contract / agreement. Federalism = **constitutional** decentralisation, not mere administrative decentralisation.

- two or more levels of government · powers constitutionally divided
- each level operates directly on citizens · each autonomous within its own sphere
- judiciary as neutral arbiter

Classic formulations

"Federation is a system which consists of two sets of governments which are independent, coordinate and distinct."

— **Kenneth Clinton Wheare**

"Federation is a political contrivance intended to reconcile national unity with the maintenance of State Rights."

— **Albert Venn Dicey**

"The partition of legislative and executive power of the centre and units is the main criteria of federation."

— **Bhimrao Ramji Ambedkar**

Self-rule & shared rule — **Daniel J. Elazar**

Definition. **Self-rule** = autonomy of constituent units. **Shared rule** = participation of units in common decision-making. **Alfred Stepan**: federalism reconciles **autonomy** with **integration**.

Self-rule in India	Shared rule in India
State governments · local governments · special provisions (Art 371 series) · tribal councils · linguistic States	Rajya Sabha · Inter-State Council · GST Council · Finance Commission · Zonal Councils · NITI Aayog · All India Services

Federalism balances: autonomy ↔ integration · diversity ↔ unity · local identity ↔ national citizenship · decentralisation ↔ coordinated development.

Political-theory linkages

- **Aristotle** · mixed regime — India blends central authority, regional representation, local participation; stability through balance, not uniformity.
- **Thomas Hobbes** · strong Centre reflects the concern with order (Partition, secession, communal tension, uneven development).
- **John Rawls** · distributive justice — Finance Commission transfers, grants-in-aid, special-category demands, backward-region development answer the concern for fairness.
- **Robert Dahl** · pluralism — regional parties, Panchayati Raj, autonomous councils, linguistic States as democratic pluralism.
- **William H. Riker** · federalism as a **constitutional bargain**; the 21st century may be an "Age of Federalism."

Nation-building & state-building

Nation-building dimension	State-building dimension
secures cultural rights & regional identity · gives minorities constitutional space · avoids forced uniformity · converts diversity into participation · multicultural accommodation through formal institutions	formation of States & local administration (govt closer to people) · noncentralised distribution (Union / State / Concurrent) · shared-rule institutions (ISC, Zonal Councils, FC, GST Council, NITI, regulators)

Rasheeduddin Khan — social basis is "**unity of polity and plurality of society**." State-formation logic captured by the phrase "**homogeneity with viability**": units socially coherent but administratively and economically viable.

2 Historical Roots



Indian federalism is a colonial-constitutional inheritance, recast after Partition

Colonial background

Government of India Act, 1935 — the decisive imprint: provincial autonomy · federal scheme · distribution of legislative powers · Union / Provincial /

Concurrent fields · financial arrangements · emergency powers. Much of Centre-State relations carries the 1935 stamp.

National movement & decentralisation

- **Mahatma Gandhi** — village self-government, decentralised democracy, local participation, resistance to excessive central authority.
- Congress accepted linguistic aspirations in principle, especially after the **Nagpur session, 1920**.
- Two roots: colonial administrative federalism + nationalist democratic decentralisation.

Partition & the need for a strong Centre

Framing context: communal violence · princely-state integration · refugee crisis · food scarcity · security threats · fear of “fissiparous tendencies.”

Result: federal structure · strong Union · residuary powers with Centre · emergency provisions · power to reorganise States · single citizenship · All India Services. Aim — not to weaken States, but to preserve unity while giving regions constitutional space.

“The Constitution simply is unitary and federal depending on time and circumstances.”

— **Bhimrao Ramji Ambedkar**

3 Nature of Indian Federalism — A Hybrid System

British influence	American influence
parliamentary government · cabinet responsibility · conventions · executive-legislature fusion	written Constitution · constitutional supremacy · judicial review · division of powers · federal principles

Hybrid output: parliamentary in executive structure · federal in distribution of powers · unitary in emergencies · cooperative in functioning · competitive in development policy.

Union of States (Article 1)

Key line. India is an **indestructible Union of destructible States** — Union indestructible; no right to secede; States not parties to a compact like the USA; Parliament can create, merge, divide or alter boundaries.

Implications: single citizenship · no equal Rajya Sabha representation · residuary powers with Union · All India Services (Art 312) · integrated judiciary · common Election Commission · CAG · emergency powers.

Parliamentary federalism

Federalism “is not a definite concept... it has been changing from time to time.”

— **Tiruvelllore Thattai Krishnamachari**

Mahendra Prasad Singh — Indian politics has a **parliamentary axis** and a **federal axis**. Single-party majority at the Centre strengthens the parliamentary axis; coalition politics gives weight to the federal axis.

Scholarly characterisations

Scholar	Characterisation
Kenneth C. Wheare	“quasi-federal”; “a unitary state with subsidiary federal principles rather than a federal state with subsidiary unitary principles.”
W. H. Morris-Jones	bargaining federation — Centre as big brother, but States bargain, especially in coalitions.
Granville Austin	cooperative federalism; Constitution a “seamless web” of secularism, democracy, federalism; balance of social revolution, unity, democracy.
Durga Das Basu	cooperative federalism with strong unitary features.
Mahabir Prasad Jain	cooperative and coordinate; judiciary a major balancing role.
Ian Coupland	special character of India’s “paramountcy federation.”
Ivor Jennings & K. Santhanam	flexible federation — federal in normal times, unitary in extraordinary situations.
Alfred Stepan	“demos-enabling” — accommodates diversity, allows representation by population.
Elazar & Ronald L. Watts	self-rule + shared rule; flexible and adaptive vs rigid federations.
Chanchal Kumar Sharma	unique but struggles with over-centralisation & insufficient State autonomy.

Federal features vs centralising features

Federal features	Centralising features
written & supreme Constitution · division of powers · Union + State governments · independent judiciary & judicial review · bicameralism · rigid amendment of federal provisions · State List · elected State governments · federalism as basic structure	larger Union List · residuary powers with Union · Arts 249, 250, 252, 253 · Art 254 override · emergency Arts 352–360 · Art 356 · Centre-appointed Governor · power to alter boundaries · single citizenship · integrated judiciary · All India Services · fiscal dependence · central agencies · centrally sponsored schemes

4 Constitutional Distribution of Powers

Legislative relations — Articles 245–255, Seventh Schedule

List	Subjects	Authority
Union List	defence, foreign affairs, currency, atomic energy, railways, communication, citizenship, inter-state trade, major taxation	Parliament — exclusive
State List	police, public order, public health, agriculture, local government, land, markets, state taxes	States primary; Union entry via specific routes
Concurrent List	education, forests, marriage, labour, criminal law & procedure, economic & social planning	both; Union prevails (Art 254)
Residuary	matters not listed (Entry 97)	Union — a major departure from classical federalism

Administrative relations — Articles 256–263

- **Art 256** — States ensure compliance with Union laws; Union may issue directions.
- **Art 257** — Union control over State action affecting Union authority.
- **Art 263** — Inter-State Council. **Art 312** — All India Services.
- Administrative federalism is **interdependent**: Union depends on States to implement; States depend on Union for legal, financial, administrative support.

Financial relations — Articles 268–293

- power to levy $\neq$ power to appropriate proceeds; Union collects buoyant taxes, States carry welfare/development burden.
- Finance Commission recommends devolution & grants; **Art 282** permits grants for public purpose beyond legislative competence.
- **Vertical imbalance** (Union revenue > States) and **horizontal imbalance** (rich vs poor States).

Kanaiyalal Maneklal Munshi — stressed a unified economic structure for financial stability across provinces.

Categories of competences

Category	Meaning	Indian example
Integral	one level holds legislative + executive + financial authority	defence, foreign affairs, currency, communication
Exclusive but limited	one authority controls part; rest lies elsewhere	industries, mines, minerals (Union expands if of national importance)
Shared	both levels legislate & administer same field	education, forests, marriage, labour (Concurrent List)
Concurring	different levels act on different aspects	environment (Union frames broad law; States manage local control)
Indistinct	boundaries overlap in practice	public health, agriculture extension, urban development, CSS

Reassessment of distribution — why & who

Drivers: changed socio-economic conditions since 1950 · education / environment / health / migration / digital governance need joint action · excessive centralisation weakens State initiative · uneven fiscal powers vs duties · GST altered State tax space · Governor friction · central agencies · climate, pandemics, terrorism, internal security.

- **Rajni Kothari** — criticised centralisation under single-party dominance.
- **Granville Austin** — a blend of centralisation and decentralisation.
- **Niraja Gopal Jayal** — design must respond to economic disparities.
- **Yogendra Yadav** — regional aspirations accommodated within national cohesion.
- **Sarkaria, Punchhi & NCRWC** — consultation, restraint, cooperative federalism.

UPSC 2016 · 10m Philosophy & administration of distribution of powers needs re-assessment.

Answer map (2016). Distribution is the hallmark of Indian federalism (national unity + local autonomy) → GoI Act 1935 & 7th Schedule → central tilt justified by Partition, princely integration, fissiparous fears → contested zones: Governor (Art 163), Art 356, boundary change, GST, NITI, ISC, water → **Stepan** (autonomy + integration), **Kothari vs Austin** → Sarkaria / Punchhi / NCRWC → **S.R. Bommai** (federalism = basic structure, curbs Art 356) → reassessment = more State flexibility in non-national matters, not a weaker Union.

5 Cooperative Federalism

Meaning. Coordinated working of Union, States & local bodies for common goals — built on **interdependence**, **not isolation**. Union frames policy + funds; States adapt, implement, innovate; local bodies deliver; shared institutions reduce distrust. **Granville Austin** — cooperative federalism; **W. H. Morris-Jones** — bargaining federation (cooperation through negotiation).

Constitutional & institutional basis

7th Schedule · Concurrent List Art 263 · Inter-State Council Art 261 · Full Faith & Credit Art 282 · grants Art 279A · GST Council Art 312 · All India Services
Finance Commission Zonal Councils (1956) NITI Aayog · “Team India”

Working examples

- **GST Council** — Union FM chairs; State FMs participate; Union one-third vote, States two-thirds; three-fourths threshold forces negotiation. **Arun Jaitley** called it “pooled sovereignty.”
- **NITI Aayog** — replaced Planning Commission; Governing Council of CMs; indices & policy dialogue; DMEQ & Atal Innovation Mission.

- **Finance Commission** — corrects vertical & horizontal imbalance. **Inter-State Council** — constitutional platform, underused. **NDC, All India Services, judiciary.**

"In a sense, the Indian Union is federal. But the extent of federalism in it is largely watered-down by the needs of progress and development of the country... the States cannot stand in the way of legitimate and comprehensively planned development of the country in the manner directed by the Central Government."

— Supreme Court, *State of Rajasthan v. Union of India*

Govt of NCT of Delhi v. Union of India, 2018 — stressed **collaborative federalism**; Lieutenant Governor to use discretion sparingly.

Strengths · challenges · way forward

Strengths	Challenges	Way forward
suits diversity · national integration · less duplication · national standards + State adaptation · crisis management · welfare delivery	Centre's dominance in funds · Governor's discretion · ISC underuse · conditional grants & CSS · delayed GST compensation · centralised design · Union-opposition rivalry	regular ISC meetings · neutral Governors · flexible CSS · timely GST compensation · respect State specificity · stronger Zonal Councils · fiscal predictability · avoid "one size fits all"

COVID-19 — showed Union, States, Panchayats & Municipalities must cooperate; some local bodies acted effectively without detailed central guidance — value of grassroots federalism.

UPSC 2015 · 10m Comment on cooperative federalism in India.

Answer map (2015). Union & States as partners → **Elazar** self-rule + shared rule → **Manmohan Singh** — an essay in persuasion & nation-building → basis: Arts 263, 261, 282, 279A, 312 → GST Council, ISC, FC, NITI, Zonal Councils, AIS → **S.R. Bommai & NCT Delhi 2018** → challenges (ISC underuse, GST compensation, water disputes, CSS, distrust) → essential for terrorism, public health, migration, disaster, development.

6 Competitive Federalism

Meaning. Competition among States to improve governance, attract investment, perform better on development indicators. **John Kincaid** — rivalry whereby each government seeks a scarce benefit (e.g. foreign investment) or avoids a cost (e.g. a large welfare population).



Instruments



For & against

Support	Caution / criticism
Arvind Panagariya — improves governance & business climate · Bibek Debroy — decentralised, efficient structure · Rekha Saxena — growth & policy performance · Louise Tillin — empowers States to meet specific needs · Albert Breton — a check against monopolistic governance	Maram Govinda Rao — widens rich-poor inequalities · Balveer Arora — race to the bottom in labour/social/environmental standards · A. G. Noorani — excessive competition weakens national unity · advanced States gain more; poorer States lack capacity

Assessment. India has **not** simply moved cooperative → competitive. Cooperative federalism stays necessary for national issues; competitive promotes State innovation; coercive tendencies appear when Union dominates consultation. Best model = **competitive-cooperative federalism**. **Ronald L. Watts** — federations alternate between cooperative and competitive modes.

UPSC 2017 · 10m Indian federation has moved from cooperative to competitive federation.

Answer map (2017). **Austin** cooperative base (GST Council, FC, ISC, NITI, Zonal Councils) → competition strengthened post-1991 & post-NITI → instruments (Smart Cities, indices, EoDB, Aspirational Districts) → **Kincaid** definition; **Panagariya/Debroy** for; **M.G. Rao/Arora/Noorani** against → verdict: balance of cooperative + competitive + sometimes coercive; ideal = competitive-cooperative with capacity support for weaker States.

7 Executive & Bargaining Federalism

Executive federalism

Definition. Federal relations shaped mainly through **executive institutions and administrative negotiation** rather than legislative federalism — CM-PM interaction, State bureaucracies implementing Union schemes, AIS, GST Council / NITI / ISC as executive forums, Governors as constitutional-executive links.

Use: faster coordination, national programmes, pandemics/disasters/security. **Risk:** consultation becomes executive dominance; State legislatures bypassed; bureaucratic federalism can weaken democratic federalism.

Bargaining federalism

W. H. Morris-Jones — Indian federalism is **bargaining federalism**: Centre & States negotiate continually; **Mahendra Prasad Singh** — cooperative federalism in practice may become bargaining federalism. Bargaining power varies with party alignment & economic strength.

Bargaining arenas: GST compensation · CSS · special-category status · Finance Commission terms · river-water disputes · State-specific packages · coalition-era concessions.

GST = both. A “three-legged race” — Centre-State coordination + inter-State coordination + fiscal trust. States surrendered part of indirect-tax autonomy; Union one-third / States two-thirds; three-fourths threshold forces consensus; compensation disputes exposed bargaining pressures.

8 Asymmetrical Federalism

Meaning. Different units enjoy **different powers, status or autonomy** under the same Constitution (vs symmetrical, where all units are identical). India combines symmetry (shared framework) + asymmetry (special provisions for particular States, regions, tribes, UTs).

Axes: vertical (Union–State) · horizontal (among States) · de jure (in law) · de facto (by practice). **Ronald L. Watts** separates **political asymmetry** (size, population, economy, weight — e.g. UP’s Rajya Sabha seats vs small States) from **constitutional asymmetry** — “differences in the status or legislative and executive powers assigned by the constitution to the different regional units.”

Constitutional provisions

Provision	Content
Art 370	earlier special status to J&K; abrogated 2019.
Art 371 series	Maharashtra/Gujarat (dev boards) · Nagaland (customary law, land) · Assam/Manipur (tribal-hill committees) · Andhra (education/employment, central university) · Sikkim · Arunachal (Governor & law & order) · Mizoram, Goa.
Fifth Schedule	Scheduled Areas, Tribes Advisory Council, Governor’s role, tribal land protection.
Sixth Schedule	autonomous district / regional councils; tribal self-government (esp. North-East).
Union Territories	Delhi, Puducherry, J&K have legislatures; others administered differently; Parliament retains overriding power.

Rationale, defence & criticism

Reason: equal treatment of unequal regions may produce injustice — cultural protection, tribal autonomy, historical compacts, frontier integration, peace accords, customary law, land rights, regional backwardness, unity through accommodation.

“What emerged was a new kind of federalism designed to hold together a highly plural society.”

— Granville Austin

- **Will Kymlicka** — minority rights may require “differentiated citizenship status... rights or opportunities not available to other groups.”
- **Yogendra Yadav** — India a “state-nation... a new model of how to deal democratically with deep diversities.”
- **Ashutosh Varshney** — a “salad bowl” approach, not a “melting pot.”
- **V. D. Mahajan** — asymmetry useful for ethno-cultural accommodation. **Louise Tillin** — asymmetry an essential characteristic of Indian federalism.

Criticism	Defence
Charles Tarlton — may promote separatism · Brian Barry — two classes of citizenship (nationality-based vs merely regional) · M. G. Rao — transparent asymmetry justified, but discriminatory short-term arrangements harm unity	Kymlicka, Charles Taylor, Ferran Requejo, Alain-G. Gagnon, Gibb — defend asymmetry in multinational societies · Balveer Arora — neutral channels (ISC) to manage tensions

Assessment. Asymmetry is a **functional device, not a defect** — useful when transparent, constitutional, negotiated, accommodative, integrative; problematic when politicised, arbitrary, fiscally discriminatory, used for patronage.

UPSC 2018 · ISm Discuss asymmetrical federalism in India.

Answer map (2018). Unequal constitutional/political/fiscal arrangements within one federation → **Elazar** self-rule + shared rule → Art 370 (pre-2019), Arts 371–371J, 5th & 6th Schedules, UTs, gubernatorial responsibilities → **Watts** political vs constitutional asymmetry; vertical/horizontal/de jure/de facto → **Kymlicka, Varshney, Mahajan** for; **Tarlton, Barry** against; **M.G. Rao** transparency test → **Arora** — stronger ISC.

9 Centre–State Relations & Contested Areas

Legislative contestation	Administrative contestation	Financial contestation
Union encroachment into State List · Concurrent List expansion · Art 254 override · Arts 249/250/252/253 · farm laws · education & NEET · environment/forests · NIA taking cases without State approval. 42nd Amendment shifted education, forests, weights & measures, wildlife to Concurrent List.	All India Services · directions under Arts 256–257 · central forces · central agencies · Governor · LG in Delhi · CSS · State machinery implementing Union policy. States allege tools used against opposition-ruled States.	vertical & horizontal imbalance · GST & loss of tax autonomy · delayed GST compensation · conditional grants · CSS · borrowing limits (Art 293) · FC terms · cesses & surcharges outside divisible pool. C. Rangarajan Committee on State dependence; M.G. Rao, Raja Chelliah, Arvind Subramanian — fiscal autonomy with equalisation.

Governor, President's Rule & central agencies

- Governor** — Centre's agent perception; Art 163 discretion; reserving Bills; delayed assent; government formation; Art 356 reports. **Sarkaria & Punchhi** — neutrality & transparent appointment. **B.P. Singhal v. UoI, 2010** — fairness in Governor removal.
- Art 356** — **Ambedkar** hoped it would "remain a dead letter." **S.R. Bommai, 1994** — judicial review; floor test; federalism = basic structure; arbitrary dismissal restricted; Assembly not dissolved before parliamentary approval.
- Central agencies** — CBI, ED, NIA, paramilitary; States object when seen as instruments of political pressure.

GST & NEET as federal challenges

GST	NEET
101st Amendment, 2016; from 1 July 2017. Concerns: States lost rate autonomy; manufacturing States feared revenue loss; compensation disputes; GST Council central to fiscal federalism; long-term dependence. Prabhat Patnaik — cuts fiscal autonomy. Kumar & M.G. Rao — centralised tax admin may unbalance relations. Mukherjee — compensation helped temporarily; States vulnerable after. Arun Jaitley — "pooled sovereignty."	Uniform medical entrance. Concerns: education in Concurrent List, health mainly State; Tamil Nadu — uniformity ignores unequal literacy & social realities; reservation & rural-service incentives affected. Garga Chatterjee — State exams let States shape their health workforce. M.K. Stalin — "the state government is being forced to fight for even the basic rights from the Union government." A.K. Singh — current phase is "national federalism."

GST Council — "the most shining example of cooperative federalism... pooled autonomy for the larger public good."
— Nand Kishore Singh

Doctrinal safeguards: pith and substance · colourable legislation · judicial review · Inter-State Council · constitutional morality.

UPSC 2015 · 15m Identify the contested areas in Centre-State relations. **UPSC 2018 · 10m** GST & NEET as a major challenge to Indian federalism.

Answer map (2018, GST & NEET). Tension between **national uniformity** and **State autonomy** → GST unified indirect tax but cut States' rate power; destination-based, so manufacturing States feared loss; compensation & irregular Council meetings → NEET vs Concurrent-List education & State health (**Chatterjee**, Tamil Nadu) → **Patnaik** autonomy concern; **Jaitley** "pooled sovereignty," States two-thirds vote → balance challenge with cooperative potential: equity, consultation, stronger ISC.

10 Inter-State Council & Zonal Councils

Basis. Art 263 — President may establish an Inter-State Council in the public interest to (i) inquire into & advise on disputes between States, (ii) investigate & discuss subjects of common interest, (iii) recommend better coordination. Established **1990** on **Sarkaria Commission** recommendation.

Composition

PM (Chairperson) · CMs of all States · CMs of UTs with Assembly · Administrators of UTs without Assembly · Governors of States under President's Rule · six Union Cabinet Ministers nominated by PM · other Union Ministers invited when relevant. One of the few bodies where Union, States & UTs sit together.

Working & limitations

- Non-permanent** — exists via Presidential Order; structure alterable by Union executive.
- Advisory** — recommendations non-binding; no positive duty to act.
- Infrequent** — far below mandated frequency; long gap 2006–2016.
- Narrow agenda** — excludes matters of FC, Planning Commission, NDC.
- Weak secretariat** — under Union Home Ministry; little technical/research capacity.
- In-camera** proceedings · weak follow-up. **Political bypassing** — party forums & coalition bargaining; GST Council & NITI took over key areas.

"The performance of the ISC has been abysmal; there has hardly been any constitutional amendment or enactment flowing from its recommendations."
— Rekha Saxena

Reform proposals & Zonal Councils

Body	Recommendation
Sarkaria	regular meetings; stronger coordination role; sub-committees; consultation on common matters.
Punchhi	constitutional/statutory status; meet thrice a year; permanent secretariat; expert bodies; quasi-judicial advisory capacity; secretariat shifted from Home Ministry to Rajya Sabha Secretariat under neutral functionaries.
11th Finance Commission	ISC not effectively used for national economic consensus.
Venkatachaliah (NCRWC)	use the ISC "in tune with the spirit of cooperative federalism."

Zonal Councils — States Reorganisation Act, 1956; five (Northern, Southern, Eastern, Western, Central); advisory bodies for regional tensions, border disputes, transport, linguistic minorities, balanced development.

UPSC 2022 · 15m Composition, functions & success of the Inter-State Council. **UPSC 2019 · 10m** Despite constitutional mandate, the ISC has not come of age.

Answer map (ISC). Constitutional body, Art 263, est. 1990 (Sarkaria) → composition (PM + CMs + UT CMs + Administrators + Governors under PR + six Cabinet Ministers) → functions (inquire, discuss, recommend) → success limited: infrequent (2006–2016 gap), advisory, weak secretariat, bypassed by party channels & sectoral bodies (**Saxena**) → **Punchhi** reforms; NITI itself flags reactivation → institutionally important, operationally underused.

11 Mechanism for Settling Inter-State Disputes

Route	Scope
Art 131	Supreme Court exclusive original jurisdiction in legal disputes — Union v. State(s), State v. State; questions of law/fact on existence/extent of a legal right. Not purely political disputes.
Art 262	Parliament may provide for adjudication of inter-State river-water disputes (use, distribution, control) & may exclude SC/other courts. Laws: River Boards Act, 1956 ; Inter-State Water Disputes Act, 1956 (tribunal, judge nominated by CJI, award binding on publication).
Art 263	Inter-State Council — inquire, advise, discuss, recommend (advisory, unlike tribunal/court).
Extra-judicial	Zonal Councils · CMs' / Home Ministers' meetings · NITI Aayog · direct negotiation · Union mediation · GST Council (tax disputes). Many federal disputes are political, not merely legal.

Tribunals & water disputes

Key disputes: Cauvery · Ravi-Beas · Sutlej-Yamuna Link · Krishna · Godavari · Narmada · Makedatu.

“Water is a national asset and no State can have a monopoly over it.”

— Supreme Court, Cauvery case

Problems: delay in constitution & award · poor technical data · weak multidisciplinary expertise · weak enforcement · political mobilisation · Art 136 appeals despite Art 262 exclusion · distress-sharing difficulty · climate variability · Centre's delay in notification. **Ramaswamy R. Iyer** — “the existing system... is unsatisfactory and needs an overhaul.” **Fali Sam Nariman** — an innovative experiment that has failed in performance.

Reform & way forward

2002 amendment (ISWD Act)	Inter-State River Water Disputes (Amendment) Bill, 2019
tribunal within one year · award within three years (extension up to two) · award to have force of a Supreme Court decree	Disputes Resolution Committee + experts · amicable settlement · permanent tribunal with multiple benches · dissolve ad hoc tribunals · data bank. Concerns: DRC neutrality, DRC-tribunal relationship, politicisation, unresolved SC jurisdiction, weak enforcement.

Way forward: basin-wide authority · bring water into ISC · water-efficiency incentives · central water data repository · unified water agency · ecological-scientific approach · distress-sharing formulas · community participation. *Scholars on reform:* Ramaswamy Iyer, S. Rajagopal, E. Somanathan, Ramaseshan Ramachandran, Subash P. Kunji Kutty, K.J. Joy & Suhas Paranjape, Nilanjan Ghosh, Philippe Cullet, Srinivas Chokkakula, Mihir Shah.

UPSC 2020 · 10m Comment on the mechanism for settling inter-state disputes (150 words).

Answer map (2020). Federalism needs dispute settlement while preserving autonomy & Union strength → Art 131 (legal) → Art 262 + ISWD Act 1956 & River Boards Act 1956 → Art 263 ISC & Zonal Councils → GST Council for tax bargaining → mixed results (Cauvery, Ravi-Beas, Sutlej-Yamuna prolonged); political mobilisation & weak implementation → strengthen ISC, scientific data, mediation, tribunal reform.

12 Fiscal Federalism

Design. Distribution of taxation, expenditure, grants, borrowing, transfers, equalisation, fiscal autonomy. India: strong Union revenue authority + major State expenditure burden + FC transfers + CSS + GST Council + Art 293 borrowing control + cesses/surcharges as friction.

Finance Commission

Commission	Key feature
14th FC	raised States' divisible-pool share 32% → 42% ; strengthened fiscal autonomy in principle.
15th FC	high devolution at 41% ; sector-linked grants (health, power reforms); criticised by Southern States over population criteria.

Concerns: devolution % alone insufficient · cesses/surcharges shrink divisible pool · conditional grants cut flexibility · poorer States need equalisation · richer States seek performance recognition.

GST Council & the planning shift

GST Council (Art 279A) — joint tax decision-making, shared sovereignty, one-nation-one-tax, unified market; problems: reduced State tax autonomy, compensation disputes, manufacturing-State losses, pandemic revenue stress, post-compensation vulnerability. Fiscal federalism is now **also negotiated in a permanent fiscal council**, not only FC-based.



- **Durga Das Basu** — Planning Commission “the economic cabinet of the country.” **Arun Maira** — “a force for allocation of money, not for persuasion of change.”
- **Arvind Panagariya** — the new model is “competitive cooperative federalism.” **Bibek Debroy** — “NITI Aayog is better suited for a rapidly evolving economy, where the Centre no longer imposes a single plan on diverse regions.”
- NITI criticism: advice without funds; opposition boycotts; rankings as pressure; fiscal imbalance persists.

The FC — GST Council — NITI triangle

Pinaki Chakraborty — three changes reshape Union-State fiscal relations: abolition of Planning Commission, higher tax devolution, creation of GST Council. FC sets transfer norms & uses performance criteria; GST Council shapes the tax base & revenue available for devolution; NITI supplies rankings/data that indirectly influence grant criteria. Result: fiscal federalism is more interactive; cooperation & conditionality coexist; fiscal trust = federal trust. **Maram Govinda Rao** — cooperative federalism is tested most during fiscal stress.

13 Centralising Tendencies & the Unitary Appearance

Centralisation channel	Form
Constitutional	Art 1; Arts 2 & 3; residuary powers; Union List dominance; Concurrent override; emergency; Art 356; integrated judiciary; single citizenship; AIS; Centre-appointed Governor; unequal Rajya Sabha. K.C. Wheare — federal in form, strong unitary tilt.
Political	same party at Centre & States; overwhelming majority; CMs depend on central leadership; political Governor; opposition States face pressure. Rajni Kothari — centralisation linked to party dominance; under Indira Gandhi — Art 356 misuse, Emergency.
Fiscal	Union control of buoyant taxes; GST & limited State flexibility; CSS; conditional grants; borrowing limits; cesses/surcharges; delayed transfers. M.G. Rao — non-divisible cesses & surcharges subvert promised devolution.
Administrative	AIS cadre control; central-deputation disputes; central forces; Union agencies; Governor's discretion; tight national-scheme guidelines; centralised digital/biometric platforms.

Globalisation strengthens the Centre

- Jagdish Bhagwati** — post-1991 liberalisation needed central oversight of trade, FDI, international standards.
- Arvind Panagariya** — Centre's regulatory role grew for trade, IP, labour, environment compliance.
- C. Raja Mohan** — widened foreign policy & defence engagement (Union domains). **K. Subrahmanyam** — strong national response to terrorism & cyber threats.
- M.G. Rao** — GST central to an integrated market. **Nandan Nilekani** — national tech infrastructure (Digital India). **Amitabh Mattoo & Happyman Jacob** — Union role in climate, WTO, UN forums.

Recent developments — pressure vs resilience

Signs of pressure	Signs of resilience
GST compensation disputes · central agencies vs opposition States · Governor's delay in assent · NEET & farm-laws controversies · CSS conditionalities · autonomy demands · cesses/borrowing disputes · delimitation anxiety · Union use of powers in education, agriculture, law & order	S.R. Bommai limits Art 356 · GST Council regular fiscal bargaining · regional parties shape national politics · coalitions raise State bargaining · judiciary protects basic structure · local bodies deepen democracy · asymmetry accommodates diversity · States innovate in welfare

Indian federalism as “a vanishing act... leaving only the grin.”

— Pratap Bhanu Mehta

Faizan Mustafa — recognising regional aspirations strengthens unity & democracy. **Verdict:** federal spirit under stress, not destroyed; Indian federalism remains a negotiated, resilient structure.

UPSC 2020 · 20m Does Indian federalism appear unitary in practice? **UPSC 2023 · 20m** Does the actual working conform to centralising tendencies?

UPSC 2025 · 15m Recent developments have not eroded the true spirit of federalism — critically examine.

Answer map (Unitary appearance / centralising tendencies / 2025). Federal structure with strong Union bias → Art 1; Arts 2&3; **Wheare** “quasi-federal” → centralising features (residuary, larger Union List, emergency, Art 356, Governor, AIS, single citizenship) + fiscal control (GST, grants, CSS, borrowing) + central agencies (CBI/ED/NIA) → recent examples: J&K reorganisation, farm laws, NDMA use in COVID-19; **Stalin & Mehta** on recentralisation → BUT federal anchors hold: written Constitution, dual polity, State List, independent judiciary, rigid amendment, **S.R. Bommai, Kesavananda**, regional parties, coalitions → conforms to centralising tendencies but not completely — a dynamic balance; federal spirit strained, not erased.

14 State Autonomy Movements

Meaning. Demands by States / regional parties for greater powers within the Union — **not always secessionist**: more financial powers, limits on Art 356, neutral Governor, role in planning, control over State subjects, language & culture, fair funds, less central interference.

Phase	Federal effect
Congress hegemony 1947–77	Congress dominant at Centre & States → easy centralisation; conflicts managed within party; autonomy demands limited but grew after 1967. Emergency — States subordinate; autonomy linked with democratic rights. Regional assertion: Akali Dal (Punjab), DMK (Tamil Nadu), Left (West Bengal).
Janata 1977–79	weak coalition Centre → States gained space; West Bengal Left Front pushed land reform with less fear of dismissal; AIADMK, Akali Dal converged on State powers. Missed opportunity — no major constitutional reform; short tenure.
Coalition co-governance (post-1989, esp. 1996)	no single party always dominant; regional parties join Union coalitions; State interests enter national policy; bargaining replaces confrontation.

“Participation in national-level government has enhanced the payoffs to leaders of regional parties by offering them ministerial berths, increased discretionary funds from the central government, and more secure state governments.”

— Adam Ziegfeld

Balveer Arora, Mahendra Prasad Singh, Douglas Verney, Lloyd I. Rudolph & Susanne Hoeber Rudolph — post-1989 as a shift from old federalism to new federalism.

15 State Reorganisation & Demands for New States

Articles 2 & 3

Art 2 — admit/establish new States (Sikkim, 1975). **Art 3** — form States, alter boundaries/areas/names; President recommends Bill, affected legislature gives views, **Parliament not bound** by State opinion — centralised flexibility.

- **D.D. Basu** — necessary for territorial integrity. **Granville Austin** — part of a flexible federal structure.
- **Rajni Kothari** — criticises excessive centralisation in boundary decisions. **Subhash C. Kashyap** — strong Centre but cautions against arbitrary alteration.



Shifting basis of statehood demands — Louise Tillin, Remapping India

- **Phase 1 · language** — Nagpur 1920 promise; States Reorganisation Act, 1956; Punjab reorganisation 1966. **Ramachandra Guha** — a “master stroke” that prevented balkanisation.
- **Phase 2 · ethnicity** — North-East (Meghalaya, Mizoram, Arunachal); Gorkhaland, Bodoland.
- **Phase 3 · political economy** — **Atul Kohli**; Chhattisgarh & mining.
- **Phase 4 · development/governance** — Telangana, Vidarbha, Bundelkhand, Purvanchal, Harit Pradesh, Gorkhaland.

“The linguistic reorganization of states in India was a historic response to the imperative of accommodating linguistic diversity within the federal structure. It reinforced the principle of unity in diversity by allowing people to be governed in their mother tongue.”

— Neera Chandhoke

Factors behind statehood movements

Paul R. Brass (ethno-linguistic mobilisation — Gorkhaland) · **Atul Kohli** (regional disparity — Vidarbha) · **Jean Drèze & Amartya Sen** (deprivation — Bundelkhand) · **Lloyd I. Rudolph & Susanne Hoeber Rudolph** (elites/parties) · **Louise Tillin & Christophe Jaffrelot** (political timing & electoral calculation — Telangana, Uttarakhand, Bihar) · **Ramachandra Guha** (historical grievance) · **Frankel** (caste-regional class — Jats, Bhumihars, Rajputs).

“The story of secessionism in Post-Colonial India is a story of failed attempts. Three Indian leaders paid with their lives for the position they had taken on secessionist issues—Mahatma Gandhi on partition, Indira Gandhi on the question of separate Punjab Suba and Rajiv Gandhi on Tamil state.”

— Jean-Luc Racine

Smaller States — for & against

Arguments for	Arguments against
Louise Tillin — efficient governance (Telangana) · Christophe Jaffrelot — region-specific development (Uttarakhand) · Suhas Palshikar — improved local representation (Haryana) · Neera Chandhoke — preserve local cultures (Manipur) · Raghav Gaiha — ease of business (Goa)	Paul R. Brass — higher administrative costs (Sikkim) · Niraja Gopal Jayal — limited resources hinder sustainability (Arunachal) · Zoya Hasan — identity-based conflicts (Assam) · C.B. Macpherson — complicates national coordination (Jharkhand) · M.G. Rao — affects global competitiveness (Meghalaya)

UPSC 2021 · ISm Gradual shift in the basis of demands for new States?

Answer map (2021). Early demands largely linguistic (SRA 1956); **Guha** — “master stroke” against balkanisation → then ethnicity (North-East, Bodoland, Gorkhaland) → post-liberalisation political economy & resource control (**Kohli**, Chhattisgarh) → 21st-century development/governance/neglect (Vidarbha, Bundelkhand, Telangana) → **Fazl Ali Commission** criteria (economic, administrative, ecological, socio-ethnic viability) → **Yadav** (assertion of marginalised); **Tillin & Jaffrelot** (timing); **M.P. Singh** — smaller States may raise disputes & weaken viability, no automatic better governance.

16 Multi-Level Governance & Local Federalism

Indian federalism is not only Union-State — it is **multi-level governance**. The **73rd & 74th Amendments** gave constitutional status to Panchayats & Municipalities (minor irrigation, local health, primary education, community assets, roads, sanitation, urban services, welfare).

Significance	Limitations
decentralises democracy · strengthens participation · improves delivery · accommodates local diversity · grassroots federalism . Rajeev Bhargava — constitutional adaptability; Robert Dahl — pluralism in local institutions.	weak finance · State control over local bodies · bureaucratic dominance · irregular devolution · capacity gaps · urban-rural imbalance — constitutionally recognised but not always functionally empowered.

17 Regionalism & Federalism

Frame. Regionalism is challenge **and** strength — **negative** when exclusionary/secessionist; **democratic** when it articulates neglected aspirations.

Form	Scholar lens
Linguistic / cultural	Lloyd & Susanne Rudolph — linguistic reorganisation addressed regional aspirations (Tamil identity).
Political	Rajni Kothari — regional parties essential to accommodate diverse interests; Subrata K. Mitra — they shape coalitions (Shiv Sena, Dravidian parties, Akali Dal).
Economic	Ashutosh Varshney — disparities link to regional tension; Dipankar Gupta — regionalism from backwardness & deprivation.
Cultural / administrative	Sahas Palshikar — languages, identities, cultural expressions; Myron Weiner — federalism both accommodates & creates tension; Paul R. Brass — response to perceived neglect.

Assessment: regionalism can democratise power, correct neglect, strengthen representation, deepen bargaining, reduce secession by giving constitutional space — dangerous only when linked to violence, exclusion, short-term electoralism, or left unmanaged by institutions.

18 Coastal Federalism & the Blue Economy

Emerging frontier. Centre-State tension over marine economy — ports, fisheries, coastal regulation, seabed minerals, offshore energy. The blue economy shifts contestation from river valleys to coastal waters; authority changes around the **12-nautical-mile** mark.

Art 297 — Union controls things of value in territorial waters, continental shelf & EEZ. But States bear coastal erosion costs, fisher welfare, port land, local policing, labour, grid connection, climate risk. **Sagarmala** — 600+ projects, around **₹8 lakh crore** in port/shipping/logistics.

Flashpoint	Issue
Indian Ports Bill	Tamil Nadu — converting Maritime State Development Council into a regulator would violate State powers.
Marine Fisheries Bill, 2021	fisheries economist John Kurien noted protests with “black flags on boats, beach protests, strikes and petitions of dissent.”
Offshore wind / seabed mining	leases off Gujarat & Tamil Nadu, deep-sea permits — Union powers but State infrastructure.
Coastal Regulation Zone	2019 CRZ notification — fishing communities & State agencies felt ignored.

Way forward: Maritime Federal Council · equal State voice in coastal matters · seabed lease-rent sharing · joint licensing protocols · fisher-community consultation · coastal adaptation fund. No GST Council-type body or revenue-sharing law yet exists for marine wealth.

19 Judiciary & the Federal Balance

Case	Federal principle
Kesavananda Bharati, 1973	basic structure — federal character protected; Parliament cannot alter it.
S.R. Bommai, 1994	federalism = basic structure; Art 356 judicial review; floor test; secularism & democracy protected; arbitrary dismissal restricted.
State of West Bengal v. UoI, 1963	clarified Union powers & limits of State sovereignty within the Union.
B.P. Singhal, 2010	Governor removal cannot be arbitrary; must respect constitutional fairness.
Govt of NCT of Delhi, 2018	collaborative federalism; LG must not use discretion routinely.
NCT Delhi Services, 2023	services belong to the elected city government — democratic accountability in a special federal context.
Lalit Miglani, 2016	directed an Inter-State Council for riparian States of the Ganga, with ecology/environment/irrigation experts.

Limit: judiciary protects federalism but cannot replace political consultation — federal harmony also needs constitutional restraint, ISC, Zonal Councils, GST Council, political maturity, fiscal fairness.

20 Contribution, Criticism & Assessment

Contribution	Criticism
holds together a plural society · linguistic reorganisation without breakup · tribal/regional accommodation · democracy's survival · rise of regional parties · Panchayat/Municipal decentralisation · development planning & welfare · constitutional conflict-settlement · judicial protection. Will Kymlicka & Ashutosh Varshney — unity in diversity / "salad bowl."	excessive centralisation · weak State fiscal autonomy · Art 356 misuse · politicised Governor · ISC underuse · central agencies vs opposition States · delayed water-dispute resolution · uneven GST benefits · conditional schemes · incomplete local empowerment.

Balanced verdict. Indian federalism is **centralised in design, federal in structure, cooperative in aspiration, bargaining in practice, competitive in development, asymmetrical in accommodation, sometimes coercive in operation, resilient in performance.** The real question is not strong Centre vs strong States — **a strong Centre needs strong States; strong States need a stable Union.** The task is constitutional balance.

Conclusion. An evolving arrangement for governing diversity — a centralised federation shaped by Partition, integration & planning, later adjusted to linguistic reorganisation, regional parties, coalitions, liberalisation, local self-government, GST, NITI Aayog & new autonomy demands. Its durability lies in flexibility; its weakness in over-centralisation, fiscal dependence, politicised institutions & weak consultation. A living system of **negotiated unity** — one political community without forcing all regions to be the same.

★ Power Quotes

"A unitary state with subsidiary federal principles rather than a federal state with subsidiary unitary principles."

— **Kenneth Clinton Wheare**

"Federation is a political contrivance intended to reconcile national unity with the maintenance of State Rights."

— **Albert Venn Dicey**

"The Constitution simply is unitary and federal depending on time and circumstances."

— **Bhimrao Ramji Ambedkar**

"What emerged was a new kind of federalism designed to hold together a highly plural society."

— **Granville Austin**

"A vanishing act... leaving only the grin."

— **Pratap Bhanu Mehta**

"The performance of the ISC has been abysmal; there has hardly been any constitutional amendment or enactment flowing from its recommendations."

— **Rekha Saxena**

"Water is a national asset and no State can have a monopoly over it."

— **Supreme Court, Cauvery case**

GST Council — *"the most shining example of cooperative federalism... pooled autonomy for the larger public good."*

— **Nand Kishore Singh**

GST as *"pooled sovereignty."*

— **Arun Jaitley**

"The state government is being forced to fight for even the basic rights from the Union government."

— **M.K. Stalin**

"NITI Aayog is better suited for a rapidly evolving economy, where the Centre no longer imposes a single plan on diverse regions."

— **Bibek Debroy**

Minority rights may require *"differentiated citizenship status... rights or opportunities not available to other groups."*

— **Will Kymlicka**

India a *"state-nation... a new model of how to deal democratically with deep diversities."*

— **Yogendra Yadav**

■ Scholar Index — self-check recall

A.K. Singh · Abdul Ghafoor Noorani · Adam Ziegfeld · Alain-G. Gagnon · Albert Breton · Albert Venn Dicey · Alfred Stepan · Amartya Sen · Amitabh Mattoo · Aristotle · Arun Jaitley · Arun Maira · Arvind Panagariya · Arvind Subramanian · Ashutosh Varshney · Atul Kohli · Balveer Arora · Bhimrao Ramji Ambedkar · Bibek Debroy · Brian Barry · C. Raja Mohan · C. Rangarajan · C.B. Macpherson · Chanchal Kumar Sharma · Charles Tarlton · Charles Taylor · Christophe Jaffrelot · D.D. Basu · Daniel J. Elazar · Dipankar Gupta · Douglas Verney · E. Somanathan · Faizan Mustafa · Fali Sam Nariman · Ferran Requejo · Frankel · Garga Chatterjee · Granville Austin · Happyymon Jacob · Ian Coupland · Ivor Jennings · Jagdish Bhagwati · Jaya Mehta · Jean Drèze · Jean-Luc Racine · John Kincaid · John Kurien · John Rawls · K. Subrahmanyam · K.J. Joy · Kanaivalal Maneklal Munshi · Kenneth Clinton Wheare · Krishnaswami Santhanam · Lloyd I. Rudolph · Louise Tillin · M.K. Stalin · Mahabir Prasad Jain · Mahatma Gandhi · Mahendra Prasad Singh · Manmohan Singh · Maram Govinda Rao · Mihir Shah · Myron Weiner · Nand Kishore Singh · Nandan Nilekani · Neera Chandhoke · Nilanjan Ghosh · Niraja Gopal Jayal · Paul R. Brass · Philippe Cullet · Pinaki Chakraborty · Prabhat Patnaik · Pratap Bhanu Mehta · Raghav Gaiha · Raja Chelliah · Rajeev Bhargava · Rajni Kothari · Ramachandra Guha · Ramaseshan Ramachandran · Ramaswamy R. Iyer · Rasheeduddin Khan · Rekha Saxena · Robert Dahl · Ronald L. Watts · S. Rajagopal · Srinivas Chokkakula · Subash P. Kunji Kutty · Subhash C. Kashyap · Subrata K. Mitra · Suhas Palshikar · Suhas Paranjape · Susanne Hoeber Rudolph · Thomas Hobbes · Tiruvellore Thattai Krishnamachari · Vishwanath Dattatray Mahajan · Will Kymlicka · William H. Riker · William Harrison Morris-Jones · Yogendra Yadav · Zoya Hasan

► How UPSC Asks It

Theme	PYQ years & marks
Distribution of powers — reassessment	2016 / 10m
Cooperative federalism	2015 / 10m
Cooperative → competitive federation	2017 / 10m
Contested areas in Centre-State relations	2015 / 15m
GST & NEET as a federal challenge	2018 / 10m
Asymmetrical federalism	2018 / 15m
Inter-State Council (working / composition & success)	2019 / 10m · 2022 / 15m
Mechanism for settling inter-state disputes	2020 / 10m
Unitary appearance & centralising tendencies	2020 / 20m · 2023 / 20m
Changing basis of new-State demands	2021 / 15m
Recent developments & the true spirit of federalism	2025 / 15m

✓ Today's Practice

1. The recent developments in Indian politics have not eroded the true spirit of federalism in India. Critically examine with appropriate examples. **2025 · 15m**
2. Does the actual working of Indian federalism conform to the centralizing tendencies in Indian polity? Give reasons. **2023 · 20m**
3. Do you think there has been a gradual shift in the basis on which demands for new States have been raised in different regions of India? Explain. **2021 · 15m**

Model answers to these drop tonight on [@psirbyamitpratap](#). Every point above — a scholar, an Article, a case, a phase — is covered in full in your **Foundation / OGP class notes & handouts**. Revise it, then write.

See you tomorrow with Day 23.