

Centre-State Relations in India: Exploring Cooperative Federalism

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Abstract

In India, the relationship between the federal government and the individual states is based on cooperative federalism, which means that both levels of government work together to solve common problems and accomplish common national development objectives. Collaboration is prioritized through certain constitutional provisions and institutional processes under this system, which is characterized as "quasi-federal" because of its strong central tendency. India's federal system is characterized by complex Centre-State relations, requiring cooperation and coordination between the Union and State governments. Within the framework of India's constitution, a one-of-a-kind quasi-federal system is established. This structure strikes a compromise between a powerful central authority and constitutionally mandated powers for the country's states. The system was developed with the intention of fostering cooperative federalism, which is a philosophy in which the central government (the Union) and state governments work together to address common national concerns and to enhance the welfare of the local population. This paper explores cooperative federalism in India, highlighting its evolution, challenges, and opportunities.

Key aspects include:

- ❖ Constitutional Framework: Article 246, Seventh Schedule, and provisions for Centre-State relations.
- ❖ Cooperative Federalism: Emergence of cooperative federalism, inter-state councils, and collaborative governance.
- ❖ Challenges: Fiscal disparities, political differences, and administrative hurdles.
- ❖ Opportunities: GST, digital governance, and joint initiatives for development.

This paper concludes by emphasizing the need for strengthened cooperative federalism, promoting collaborative governance, and ensuring effective implementation of policies and programs, ultimately enhancing India's federal system.

Keywords: *Cooperative federalism; Collaboration; India's Constitution; Fiscal Disparities; GST*

1. Introduction

In 1950, when it was finally put into force, the Indian Constitution established a federal system that was characterized in a manner that was completely distinct from that of any other federation. Those who drafted it, led by Dr. B.R. Ambedkar, drew inspiration from a number of different constitutions, but they reinterpreted them to accommodate India's specific circumstances, which included the existence of a wide variety of languages, economic disparity, and the pressing need for national integration following the partition of India (Austin, 1966). There is no mention of the word "federation" in the Constitution; but, it does establish a Union of States. This is a reflection of the notion that Indian states exist by virtue of the Union, rather than as sovereign nations that have opted to federate. This was a conceptualization that had far-reaching repercussions on the interactions between the center and the state, and it

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imprinted in them a structure that K.C. Wheare referred to as "quasi-federal due to its strong unitary bias" (Wheare, 1963).

2. Constitutional Framework for Cooperation

Parts XI and XII of the Constitution are where the majority of the constitutional provisions that pertain to the relationship between the center and the state may be found. There are three different aspects that are included in the realm of center-state interactions: legislative, administrative, and financial ties. As of right now, the Seventh Schedule denotes the division of powers into three lists: the Union List (which contains one hundred subjects), the State List (which contains sixty-one topics), and the Concurrent List (which contains fifty-two topics), with the Union being granted residuary powers. The constitutional structure has a tendency towards centralization, which is revealed by the distribution of powers and its intrinsic characteristics. Important issues like as defence, foreign affairs, currency, and inter-state commerce are included on the Union List. On the other hand, the Concurrent List gives the Centre the authority to adopt laws on aspects that have historically been the responsibility of the state, such as education, forestry, and economic planning. According to Article 254, in the case that there is a disagreement between the laws of the Union and the laws of the states on concurrent subjects, the Union law will be the one to rule.

The Indian Constitution, in various parts, ensures coordination while dividing authority:

- **Legislative Relations (Part XI, Articles 245-255):** The Seventh Schedule is responsible for the distribution of powers onto the Union List, the State List, and the Concurrent List. Under some circumstances, such as when there is a national emergency or when the Rajya Sabha approves a resolution that is in the national interest, the Centre possesses residuary powers and has the ability to act on matters pertaining to their respective states.
- **Administrative Relations (Part XI, Articles 256-263):** The states are required to execute their executive functions in accordance with the legislation of the Union. For the purpose of putting national policies into effect, the Centre has the authority to give directives to the states, and the all-India Services (IAS, IPS, etc.) are responsible for ensuring that administration is consistent across the nation.
- **Financial Relations (Part XII, Articles 268-293):** The Constitution provides for sharing tax revenues and grants-in-aid to bridge fiscal imbalances. The **Finance Commission** (Article 280) acts as the "balancing wheel" of fiscal federalism, recommending the distribution of central taxes between the Centre and states.

3. Legislative Relations:

Part XI of the constitution delineates the relationship between the Union and the States, with Articles 245-255 addressing the allocation of legislative powers between them. Article 245 stipulates that Parliament may enact laws applicable to the entirety or any portion of India's territory, while state legislatures may legislate for the whole or any segment of their respective provinces; however, no law enacted by Parliament shall be considered invalid on the basis of its potential extra-territorial application. Article 246 delineates the subjects of legislation enacted by Parliament and state legislatures. It authorizes parliament to legislate on all three categories: the Union list, the State list, and the Concurrent list. Article 246(4) permits Parliament to legislate on any issue pertaining to any region of India not encompassed within a state, regardless of whether such issue is listed in the State List. Article 247 delineates the authority of Parliament to establish supplementary courts to enhance the administration of legislation enacted by Parliament or any existing laws pertaining to matters specified in the Union List.

Article 248 confers residuary legislative powers, granting Parliament the exclusive authority to enact laws concerning matters not specified in the Concurrent List or State List, which includes the power to legislate and impose taxes not referenced in either list. Article 249 empowers Parliament to legislate on matters on the State List for national interest. According to Article 249, the Council of States or the Rajya Sabha may confer extraordinary legislative powers on Parliament over any subject in the state legislative list, provided a resolution is passed with the support of two-thirds of the members present and voting. Article 250 grants Parliament the authority to act for the entirety or any portion of India's territory concerning any issue on the State List during the existence of a 'Proclamation of Emergency.' In the event of a conflict between laws enacted by Parliament under Articles 249 and 250 and those enacted by State

Legislatures under Article 251, the legislation enacted by Parliament shall have precedence, regardless of its date of enactment, until it is rendered inoperative in relation to state law.

Article 252 stipulates that, with mutual agreement among the states or with the assent of two or more state legislatures, Parliament may enact legislation concerning any subjects enumerated in the State List pertinent to those states. Any other state may likewise adopt Union laws pertaining to itself by a resolution enacted by its state legislature (Basu 2009: 330). Article 253 grants Parliament the authority to enact legislation for the entirety or any portion of the nation to execute treaties, agreements, or conventions with other nations, or decisions taken at international conferences, associations, or other entities. Article 254 stipulates that in instances of conflict between legislation enacted by Parliament and that enacted by State Legislatures concerning topics on the Concurrent List, the legislation passed by Parliament should take precedence over state law and remain in effect until the central law is deemed invalid. Article 255 stipulates that no Act of Parliament or State Legislature, nor any provision therein, shall be deemed invalid solely due to the absence of a recommendation or prior sanction mandated by this Constitution, provided that assent to the Act was granted by either the Governor or the President.

4. Administrative Relations

The administrative relations between the Union and the States are the subject of Articles 256-261. The executive power of the Union shall be extended to the provision of such directions to a state as the Government of India deems necessary for that purpose, and states are required to ensure compliance with the parliamentary laws and any existing laws that apply in that state, as directed by Articles 256 and 257. The governor of a State may, with the consent of the central government, entrust functions in relation to any matter to which the executive power of the State extends to that government or its officers, either conditionally or unconditionally, under Article 258 and 258A. The central government may, by agreement with the government of any territory that is not part of the territory of India, assume any executive, legislative, or judicial functions that are vested in the government of that territory under Article 260. However, any such agreement must be subject to and governed by the law that is currently in effect regarding the exercise of foreign jurisdiction.

Public acts, records, and judicial proceedings of the Union and each State shall be accorded complete faith and credit throughout the territory of India in accordance with Article 261. The final judgments or orders delivered or passed by civil courts in any part of the territory of India are susceptible of execution anywhere within that territory by law, as stipulated in Article 261(3). Article 262 stipulates that parliament may, by law, resolve any dispute or complaint regarding the use, distribution, or control of waters in any interstate river or river valley. Additionally, it may exclude the jurisdiction of all courts, including the Supreme Court, to adjudicate such disputes. Parliament has exercised this authority by enacting the Inter-State Water Disputes Act (1956), which establishes an ad hoc tribunal to resolve any dispute or complaint regarding the use, distribution, or control of waters in an interstate river or river valley. If the president determines that the public interests would be best served by the establishment of an inter-State council for the purpose of inquiring into and advising upon inter-State disputes, he may do so under Article 263(a) (Basu 2009: 353).

5. Financial Relations:

Part XII (Articles 264-291) of the constitution addresses finance, property, contracts, and litigation. Articles 268-272 address the allocation of taxes and income between the union and the states. Furthermore, pursuant to Article 275, the union must allocate annual grants-in-aid to states deemed by Parliament to require help, specifically for the advancement of tribal welfare, including special funds to Assam in this regard (Basu 2009: 339). Articles 270, 273, 275, and 280 establish the formation of a finance commission for a five-year term to advise the president on specific measures concerning the allocation of financial resources between the Union and the States. The commission's constitution must be interpreted in conjunction with the Finance Commission Act of 1951, which has augmented the constitutional requirements. According to Article 271, Parliament may at any time augment any levies or taxes specified in Articles 269 and 270 by a surcharge for union purposes, and the entirety of the revenue generated from such surcharge shall constitute the Consolidated Fund of India. Article 292 grants the Union unrestricted authority to

borrow from the Consolidated Fund; conversely, Article 293 imposes limitations on the borrowing capacity of the States.

Part XIII (Articles 301 and 307) addresses Trade, Commerce, and Intercourse inside India's territory, establishing the framework for trade and commerce between the Union and the States. Article 302 authorizes Parliament to impose limitations on the freedom of trade, commerce, or intercourse between states or within any region of India as deemed necessary for the public good. Article 303(1) stipulates that neither Parliament nor a state legislature shall possess the authority to enact any law that grants, or permits the granting of, preferential treatment to one state over another, or that establishes, or permits the establishment of, any discrimination between states, based on any entry pertaining to trade and commerce in the lists of the Seventh Schedule. Article 304 permits the state legislature to levy taxes on goods imported from other states or union territories, ensuring that such taxes are equivalent to those imposed on similar domestically manufactured or produced goods (Article 304(a)). It also authorizes the imposition of reasonable restrictions on the freedom of trade, commerce, or intercourse within the state as deemed necessary for the public interest (Article 304(b)).

Article 305 stipulates the preservation of current legislation and statutes establishing governmental monopolies. Article 307 stipulates that Parliament may, through legislation, designate an appropriate authority to fulfil the objectives of Articles 301, 302, 303, and 304, and grant that authority the powers and responsibilities deemed necessary, akin to the Inter-State Commerce Commission of the United States of America; however, it has not yet been implemented in India.

6. Key Mechanisms and Institutions

Several institutions foster dialogue and cooperation:

- **NITI Aayog:** Replacing the Planning Commission, NITI Aayog acts as a think-tank and platform for "Team India" policymaking, promoting both cooperative and competitive federalism by involving states in national planning and encouraging innovation.
- **GST Council (Article 279A):** Considered a significant example of cooperative federalism in action, this constitutional body brings together central and state representatives to make consensus-based decisions on indirect taxation.
- **Inter-State Council (Article 263):** The President can establish this body to investigate and discuss subjects of common interest and settle disputes between the Centre and states or among states themselves. It serves as a vital forum for high-level dialogue.
- **Zonal Councils:** Established by the States Reorganisation Act, 1956, these statutory bodies promote regional cooperation on matters of common concern like infrastructure, security, and trade.

7. Challenges and Future Directions

Despite these mechanisms, challenges persist, including:

- **Fiscal Imbalances:** States often face a shortfall in revenue-generating powers compared to their expenditure responsibilities, leading to dependence on central funds.
- **Political Conflicts:** Central intervention in state matters, the role of the Governor, and the use of central investigative agencies can strain relations, especially when different political parties are in power at the Centre and states.
- **Centralization Tendencies:** Critics point to the Union's overriding powers and the "one-size-fits-all" approach to some national policies as undermining state autonomy.

Strengthening cooperative federalism requires enhanced financial autonomy for states, transparent resource allocation, and empowering inter-governmental bodies to ensure all levels of government work as genuine partners for inclusive national development.

8. Conclusion

For India's broad and diversified democratic system to work well, there must be a consistent spirit of cooperation and harmony among its members. For the purpose of maintaining national unity, encouraging inclusive growth, and resolving growing difficulties in the 21st century, it is essential to take steps to strengthen cooperative federalism via effective institutional changes, ensure budgetary justice, and promote mutual trust. As a result of the recent escalations in relations between the center and the state around the Jan Lokpal Bill and the National Counter Terrorism Centre (NCTC), it appears that the changes that have been implemented have not been sufficient. Therefore, it is necessary to examine these relationships. Globalization's ever-shifting pressures necessitate increased openness and accountability, which can only be achieved through the implementation of a decentralized management structure. A decentralized system like this one necessitates increased regional state sovereignty as well as healthy ties between the center and the states. It is possible to assert that the conditions of India have shifted ever since the country gained its independence, and as a result, there is a requirement for a new point of view to be applied to these relationships as time has progressed.

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