



AN ANALYSIS OF THE SYSTEM OF COOPERATIVE FEDERALISM IN INDIA

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ABSTRACT

This article critically analyses the system of cooperative federalism in India, examining its evolution, structure, and practical application within the framework of the Indian Constitution. Cooperative federalism refers to a collaborative partnership between the Union and State governments to achieve common national goals while respecting the autonomy of each level of government. The study traces the historical context of federalism in India, emphasising how it was conceived as a quasi-federal structure with a strong unitary bias. It examines key constitutional provisions, landmark judicial interpretations, and recent political and administrative developments, including the role of institutions such as the Inter-State Council, NITI Aayog, and GST Council. The paper also evaluates challenges to cooperative federalism, such as political centralisation, fiscal imbalances, and regional disparities.

Keywords: Power-Sharing, Quasi-Federal.

INTRODUCTION

Cooperative federalism refers to the federal system of governance where the federal government and state governments collaborate to accomplish shared objectives. In this system, both levels of government share responsibility for formulating and carrying out policies, with the states leading on some issues and the government leading on others.

Cooperative federalism is a horizontal connection between the federal government and the states wherein they “cooperate” for the greater good of the public in areas including disaster management, economic policy, social welfare, law and order, infrastructure development, and national security. As a result, it is a power-sharing system between the national and local

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governments within an area, where they cooperate while maintaining their independence on their issues.¹

The Indian constitution aims to achieve a quasi-federal system that combines elements of federalism and a powerful central government. In this arrangement, cooperative federalism is essential because it permits states to take part in national decision-making while empowering the union to handle regional issues and inequalities. The Goods and Services Tax (GST) Council, NITI Aayog, the Finance Commission, and the Inter-State Council are important tools for cooperative federalism in India. They help with policy coordination, economic planning, and resource distribution.²

HISTORY

Cooperative federalism in India has a long history that includes British colonial rule. In modern India, cooperative federalism has its roots in the Regulating Act of 1773. In this case, local governments were given the authority to govern while the rule of England oversaw the East India Company.

India functioned under a centralised structure under British control, with practically all authority held by the colonial administration. However, some administrative decentralisation was promoted by regional variety and large boundaries. A diarchy system was established by the Government of India Act of 1919, which gave provincial governments restricted authority while maintaining central control over important issues. This marked the beginning of the realisation that India needed a system similar to the federal system.

A more substantial change was brought about by the Government of India Act 1935, which established a federal framework with distinct lists for the central and provincial powers. India's federalism was a topic of much discussion among the Constituent Assembly, which was entrusted with writing the country's constitution after independence. To maintain national unity, members argued for a strong central authority, influenced by the difficulties of bringing a diverse country together and concerns about fragmentation.

¹ 'Cooperative Federalism' (Testbook) <<https://testbook.com>>, accessed 6th June, 2025

² Aradhana Swanand, 'Analysing the Meaning of Cooperative Federalism in India: Idealistic or Pragmatic?' (Lawoctopus, 8 July 2021) <<https://www.lawoctopus.com>>, accessed 6th June, 2025

Concurrently, the assembly acknowledged the diversity of India and the significance of granting states autonomy in specific domains, resulting in the establishment of a distinctive federal framework known as 'quasi-federal'

The principal drafter of the Constitution, Dr. B.R Ambedkar, promoted a cooperative federal structure, stressing the importance of cooperation between the union and states. The resulting constitution allowed the union to intervene on state issues as needed and separated the union-state structure into 3 lists: Union, State, and Concurrent Lists (Seventh Schedule)

Cooperative Federalism became crucial after 1947 when India faced difficulties sustaining development and unity across its various regions. In the beginning, there was a centralised approach, with the Union government having significant control over the states, particularly through the Planning Commission's economic development programs.

The establishment of the Finance Commission and Inter-State Council (Article 263) as platforms for intergovernmental cooperation and consultation allowed for organised discussion of administrative and financial matters. The demand to promote decentralisation and emphasis on regional needs resulted from political shifts and liberalisation in the 1990s. A balanced approach to federalism, including increased use of cooperative mechanisms like the Inter-State Council, was advocated by the Sarkaria Commission (1983), which examined Union-State relations.

In 2015, the Planning Commission was replaced by NITI Aayog, which aimed to actively involve states in policymaking while honouring their distinct requirements, further solidifying cooperative federalism. By requiring the Union and State governments to work together on issues of taxation and revenue sharing, the Goods and Services Tax (GST) Council, which was established in 2017, is a historic illustration of cooperative federalism and promotes fiscal coordination.³

KEY FEATURES OF COOPERATIVE FEDERALISM

Balancing Unity and Diversity: With enormous variations in language, culture, economics, and geography among its states, India is a very diverse country. Cooperative federalism maintains an organised national approach while enabling policies to be adopted to local

³ 'Cooperative Federalism in India' (BYJU'S), <<https://byjus.com>>, accessed 7th June, 2025

requirements. By striking a balance between state-level autonomy and centralised policymaking, local issues can be addressed without endangering national unity.

Strengthening National Integration: Cooperative federalism encourages national integration by fostering a relationship between the Union and the States. By facilitating communication and coordination, collaborative mechanisms like the Inter-State Council and Zonal Councils reduce interstate tensions and promote a feeling of inclusion within the broader national framework.

Promoting Economic and Social Development: To tackle shared problems like poverty, infrastructure, healthcare, and education, the Union and States can combine resources, knowledge, and ideas through cooperative federalism. States can participate in and gain from national development plans that are suited to their unique requirements because of organisations like the Finance Commission and NITI Aayog that assist in coordinating economic strategies and fund allocation.

Enhancing Policy Efficiency and Implementation: States are typically better positioned to understand and respond to the demands of their populations. Cooperative federalism permits them to implement national programs with adaptations that best suit local settings.

Promoting Decentralised Decision-Making: Cooperative federalism encourages decentralised governance and gives local authorities more authority by enabling states to make decisions on regional matters. At the state level, this decentralisation promotes creativity and experimentation since states can design customised policies and share lessons learned from each other's achievements and shortcomings.

Encouraging Transparency and Accountability: Cooperative federalism promotes accountability and transparency in policymaking through organisations like the GST Council, since both the Union and States participate in significant financial decisions. Policy becomes more transparent and trustworthy as a result of the government's increased trust and accountability due to this shared decision-making process.

Adapting to Evolving Changes: Cooperative federalism gives the Union and States the adaptability they need to deal with India's evolving socioeconomic problems, like rapid urbanisation, climate change, and technological advancements. By collaborating, they can create policies that balance regional needs with national priorities.

Facilitating Fiscal Federalism and Resource Allocation: Through institutions like the Finance Commission and GST Council, cooperative federalism ensures that resources are distributed fairly, with states receiving funding according to their contributions and needs. In order to finance development initiatives, lessen regional inequities, and encourage equitable growth nationwide, governments are assisted by this shared financial obligation.

Resolving Inter-State and Union-State Disputes: The court and the Inter-State Council, which mediate disputes over various issues such as water sharing, border disputes, and natural resources, are 2 examples of the dispute resolution institutions that were made available through India's cooperative federal structure. These procedures promote harmonious interactions between states and the Union by preventing disputes and providing a foundation for peaceful negotiations.⁴

CHALLENGES TO COOPERATIVE FEDERALISM IN INDIA

Over-centralisation: India is a quasi-federal country. As is well known, resources and authorities are strongly tilted towards the Union. As the Union list contains more items than the state list, it enables more taxation power for to centre. This serves as a significant obstacle to India's cooperative federalism. Excessive central nature, which lowers the state's active engagement.

Ineffective Inter-State Council: The Constitution established organisations such as the Inter-State Councils to facilitate communication between the states and the central government. The inter-state council has only served as a forum for discussions, with little advancement on substantive matters. The interstate council has only assembled twice in the past fifty years and has not been taken seriously as a vehicle of cooperative federalism.

Presidential Rule: According to the Constitution, the president has the authority to assume control of the state machinery in times of emergency or failure. Unfortunately, political parties have abused it to undermine state governments. The authority to enforce the president's rule was used 44 times between 1947 and 1977. The Supreme Court's ruling in S.R. Bommai v. Union of India (1994)⁵ established limited restrictions on the use of this authority, but its impact was little.

⁴ 'Cooperative Federalism' (Vajiram & Ravi, 24th January, 2025) <<https://vajiramandravi.com>>, accessed 7th June, 2025

⁵ S.R. Bommai v. Union of India (1994) 1994 SCC (3) 1

Taxation: Another problematic issue between the federal government and the states is taxation authority. For instance, under the Goods and Services Tax (GST) system, states have the authority to impose taxes on the sale of gasoline, diesel, and other products; these taxes would go toward the states' respective budgets. However, the GST Council is yet to recommend the inclusion of these items under the GST

Underrepresented in the Finance Commission: The representation of states is inadequate. The Finance Commission's recommendations are presented to parliament, and states are not involved in the discussion. There is no provision for an aggrieved state to challenge the Finance Commission report or seek its enforcement.

Trust Deficit: The gap in trust between the federal government and the states is growing. Centre-State relations are hampered by several problems, including the reduction of divisible pools. Together, they make complete cooperation challenging. The majority of state administrations believe the thrust in federalism is limited to lofty ideas and big talk. Numerous States have expressed their dissatisfaction with the way the Centre is handling states. Kerala recently filed a complaint against the centre under Article 131 because it was unhappy with the Citizenship Amendment Act.

One Size Fits All Approach: The "One Size Fits All" strategy had been in place for years, ignoring the diversity of states and their unique needs. As a result, numerous states are still suffering. Both the previous planning commission and Niti Aayog have adhered to the same policy. This makes it more difficult to adopt policies and collaborate with others.⁶

COOPERATIVE FEDERALISM AND ARTICLES OF THE INDIAN CONSTITUTION

Various articles and provisions of the Indian Constitution provide cooperative federalism, whereby the federal government and state governments work together to promote the welfare of the people.

Article 54:⁷ Representation of state legislatures in the President's election, where the members of legislative assemblies are part of the Electoral College

⁶ 'What is Cooperative Federalism?' (ForumIAS Community) <<https://forumias.com>>, 8th June, 2025

⁷ Constitution of India, art 54

Article 80:⁸ Provides for the Council of States, representing states in the union's legislative process

Article 246:⁹ It outlines the topics on which laws may be passed by the central and state governments. Both the state and the centre may enact laws about the issue on the concurrent list.

Inter-State Council and Zonal Council: According to Article 263¹⁰ of the Constitution, the Inter-State Council should be formed to examine, discuss, and recommend methods to strengthen collaboration between the States and the Centre. The chairman of the Inter-State Council will be the prime minister. The President may create such a council if he believes that its creation would serve the public interest, although it is a temporary constitutional body for coordination between the federal and state governments. The States Reorganisation Act of 1956¹¹ established zone Councils as an extra-statutory institutional structure for cooperation within and across states.

NITI Aayog: To facilitate effective governance in India and to achieve the crucial objective of cooperative federalism, NITI Aayog was established. Chief Ministers of States and Administrators or Lieutenant Governors of Union Territories make up the governing council of Niti Aayog. By uniting states as “Team India”, NITI Aayog serves as the Government of India’s primary forum for advancing the country's development objectives. By using a hands-on approach and clear rankings in several sectors, NITI Aayog encourages healthy competition among states.

Goods and Services Tax (GST): One of the most important steps in advancing cooperative federalism in India was the implementation of the GST in 2017. A single tax system replaced various state-level taxes, establishing a national marketplace. Decisions pertaining to the tax system are made by the GST Council, which is made up of delegates from the federal and state governments. As a result, there is now a high level of coordination and collaboration between the central government and the state.¹²

⁸ Constitution of India, art 80

⁹ Constitution of India, art 246

¹⁰ Constitution of India, art 263

¹¹ State Reorganization Act 1956

¹² ‘Cooperative Federalism’ (Testbook)<<https://testbook.com>>, accessed 11th June, 2025

CONCLUSION

In India, the process of achieving cooperative federalism is dynamic and ever-changing, influenced by political factors, constitutional frameworks, historical circumstances, and judicial interpretations. By striking a balance between the necessity for national unity and the various aspirations of India's states, it represents the essence of cooperation between the federal and state administrations. In addition to defending sovereign rights, it fosters cooperation, effective governance, equitable resource allocation, and innovation. The success of cooperative federalism will rely on the states and the centre's continued dedication to cooperating, putting the common good first, and adjusting to the nation's shifting demand as India navigates its complex federal system. India can guarantee inclusive development and preserve the delicate balance between state autonomy and central power by sustaining this culture of cooperation and respect for one another.¹³

¹³ Naveen Patnaik 'Cooperative Federalism: Myth or Reality' (Drishti IAS, 3rd September) <<https://www.drishtiiias.com>> accessed 13th June, 2025