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"Federalism in India: Assessing the Role of States in Governance"

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Abstract:

Federalism stands as a cornerstone of India's governance architecture, complexly woven into the fabric of its democratic ethos since independence. As the world's largest democracy, India's federal system represents a delicate balance between the powers vested in the central government and those devolved to its diverse array of states and union territories. Against the backdrop of a nation characterized by myriad languages, cultures, and regional disparities, the significance of federalism in India transcends mere administrative convenience; it embodies a fundamental commitment to accommodate diversity, foster democratic principles, and drive inclusive development. This overview delves into the essence of federalism within India's governance framework, with a particular focus on analysing the evolving role of states in shaping the nation's political, social, and economic landscape. By examining the complexities and dynamics of federalism in India, we can better appreciate its profound implications for governance, democracy, and nation-building in the Indian context.

Keywords: Federalism, Indian Governance, Decentralization, Center-state relations, Autonomy, Participatory democracy, Grassroots governance, Inter-State Council, Economic development.

I. Introduction:

Overview of Federalism in India:

India's federalism is enshrined in its Constitution, which provides for a distribution of powers between the central government and the states through three lists: the Union List, the State List, and the Concurrent List. The Union List includes subjects such as defence, foreign affairs, and currency, over which the central government has exclusive jurisdiction. The State List comprises matters like police, public health, and agriculture, over which the states have sole authority. The Concurrent List contains subjects like criminal law, marriage, and education, where both the central government and

the states can legislate.

The Indian Constitution consists of three parts where federal features are enshrined: Part XI outlines Relations between the Union and the States (Articles 245-263), Part XII outlines Finance, Property, Contracts, and Suits (Articles 264-300A), and Part XVIII: Emergency Provisions (Articles 352-360). Part XII outlines the distribution of legislative, administrative, and financial powers between the Union and the states, establishing the framework for federal relations in India. Part XII also outlines the distribution of revenues, grants-in-aid, and borrowing powers between the Union and the states, reflecting the fiscal federalism inherent in India's federal structure. Part XVIII includes provisions related to emergencies, such as national, state, and financial emergencies, temporarily altering the federal balance by empowering the Union to assume additional powers over the states.

Significance of Federalism in India:

Federalism is a key element in India's governance, allowing for diversity management, decentralization of power, and balancing center-state relations. It accommodates India's diverse culture, languages, and religions by granting states significant autonomy to address regional needs and concerns. This promotes inclusivity and cultural sensitivity. Federalism also decentralizes power, fostering participatory democracy and grassroots governance. States act as laboratories for policy experimentation, enabling innovative solutions to local challenges and enhancing accountability. Federalism also balances the distribution of powers between the central government and states through institutions like the Inter-State Council and the Finance Commission. It also promotes economic development by empowering states to formulate region-specific strategies for growth and development. Federalism also safeguards democracy by dispersing power across multiple levels of government, preventing the concentration of power in a single entity.

Federalism lies at the heart of India's governance structure, facilitating the coexistence of a diverse populace within a unified political framework. The significance of federalism in India extends beyond administrative convenience; it embodies the nation's commitment to pluralism, democracy, and inclusive development. Understanding the dynamics of federalism and assessing the evolving role of states in governance are imperative for ensuring effective policymaking and sustainable development in India.

II. Constitutional Framework of Indian Federalism:

A. Distribution of Powers between the Union and States:

The Indian Constitution delineates a clear distribution of powers between the Union (central government) and the states to establish a federal framework of governance. This distribution is primarily outlined in Articles 245 to 263, forming Part XI of the Constitution. The Constitution divides legislative powers into three lists: the Union List, the State List, and the Concurrent List.

The Union List outlines subjects that Parliament can legislate on, such as defence, foreign affairs, currency, banking, and interstate trade.

The State List includes subjects like police, public health, agriculture, and local government, which state legislatures can legislate on.

The Concurrent List includes subjects like criminal law, marriage, bankruptcy, and education, which both the Union and states can legislate on concurrently. In case of a conflict, Parliament's law prevails. The Union government has exclusive jurisdiction over these subjects. State legislatures have exclusive authority on these subjects.

B. Role of Concurrent List and the Principle of Cooperative Federalism:

The Concurrent List and the principle of cooperative federalism are integral to the functioning of Indian federalism. While the Union and states have exclusive powers over matters in the Union and State Lists respectively, the Concurrent List allows for shared jurisdiction. This arrangement fosters cooperation and coordination between the Union and the states in policymaking and implementation.

1. Cooperative Federalism: Cooperative federalism emphasizes collaboration and partnership between the Union and the states in governance. It recognizes that effective policymaking often requires the collective efforts of multiple levels of government. Cooperative federalism encourages consultation, coordination, and mutual respect among stakeholders to address shared challenges and achieve common goals.

2. Concurrent List: The Concurrent List facilitates cooperative federalism by allowing both the Union and the states to legislate on certain subjects of national importance. While states retain significant autonomy in policymaking, the Concurrent List ensures uniformity and consistency in laws across the country. The principle of cooperative federalism encourages the Union and states to work together to resolve conflicts and harmonize policies for the collective welfare of the nation.

C. Special Provisions for Certain States:

The Indian Constitution provides for special provisions for certain states to accommodate their unique historical, cultural, and political circumstances. One notable example is Article 370, which granted special autonomous status to the state of Jammu and Kashmir.

1. Article 370: Article 370 accorded special status to Jammu and Kashmir, allowing the state to have its own constitution, flag, and autonomy over internal affairs, except defense, foreign affairs, finance, and communications. It also restricted the application of Indian laws in the state, except in matters specified by the President of India.

2. Special Provisions: Besides Article 370, the Constitution contains other special provisions for states such as Assam (Article 371), Nagaland (Article 371A), Mizoram (Article 371G), and others. These provisions recognize the unique historical and socio-political contexts of these states and

provide for specific safeguards and autonomy to address their concerns. The constitutional framework of Indian federalism embodies a delicate balance between the Union and the states, facilitated by the distribution of powers, the principle of cooperative federalism, and special provisions for certain states. This framework reflects India's commitment to pluralism, diversity, and democratic governance, while also accommodating the distinct needs and aspirations of its diverse populace.

III. State Autonomy and Governance:

A. Legislative Powers: State List and its Significance in Shaping State Policies:

The State List, enshrined in the Seventh Schedule of the Indian Constitution, outlines the legislative domain exclusively reserved for state governments. This list empowers state legislatures to enact laws on subjects vital to local governance, ranging from public health and agriculture to education and law and order. The significance of the State List in shaping state policies cannot be overstated, as it grants state governments the autonomy to address region-specific needs and challenges. By legislating on matters within the State List, states can tailor policies to cater to the socio-economic and cultural diversity prevalent across different regions of India. This legislative autonomy fosters experimentation and innovation in governance, allowing states to implement policies that resonate with the aspirations and priorities of their citizens. Moreover, the State List reflects the foundational principles of federalism in India, emphasizing the importance of decentralized decision-making and democratic participation at the state level. As such, the State List stands as a cornerstone of state autonomy, enabling states to assert their governance authority and contribute to the overall development and welfare of the nation.

Jurisdictions of Central and State Legislation:

State legislatures have the authority to enact laws applicable to the entirety or specific parts of the state, while Parliament can pass legislation that applies to the entire territory of India or specific regions within it. Additionally, both state and central legislatures can enact laws with extra-territorial reach, extending their jurisdiction beyond their respective territorial boundaries.

Division of legislative subjects:

The distribution of legislative powers in India is structured through various lists and provisions in the Constitution. The Union List assigns exclusive legislative authority to the Parliament of India over matters of national importance. The State List grants exclusive legislative powers to State Legislatures for issues pertaining to local governance and state-specific concerns. Concurrent List subjects allow both the Union and states to legislate concurrently, with precedence given to central laws in case of conflict. Additionally, Article 248 grants residual powers to the Union Parliament, enabling it to legislate on subjects not covered by the other lists. This distribution of legislative subjects reflects the principles of federalism, aiming to balance central authority with state autonomy while ensuring effective governance and democratic participation at both levels of

government.

Parliamentary Legislation in the State:

Article 249 allows Parliament to legislate on State List subjects if the Rajya Sabha passes a resolution with a two-thirds majority.

Article 250 permits Parliament to enact laws on State List subjects during a national emergency, with such laws ceasing to operate six months after the emergency ends.

Article 252 enables Parliament to legislate on State List subjects if requested by two or more state legislatures through a resolution.

Article 253 empowers Parliament to make laws to implement treaties or international agreements, applicable to the entire country or specific regions.

Article 356 allows Parliament to legislate on State List subjects when President's Rule is proclaimed in a state.

Article 200 grants the Governor the authority to reserve certain bills passed by the state legislature for the consideration of the President of India, enhancing central control over state legislation.

B. Executive Powers: Role of State Governments in Implementing Policies and Administering Resources:

State governments wield significant executive powers in the implementation of policies and administration of resources within their respective jurisdictions. With decentralized governance structures in place, state administrations play a crucial role in translating policies formulated at both the central and state levels into actionable initiatives on the ground. This involves coordinating with various state agencies, local bodies, and stakeholders to ensure effective service delivery and governance outcomes. State governments are responsible for managing public resources, including budgetary allocations, infrastructure development, and welfare schemes, thereby exerting considerable influence over the socio-economic development trajectory of their states. Furthermore, executive autonomy enables state governments to respond swiftly to local needs and emergencies, demonstrating their agility and responsiveness in governance. By leveraging their executive powers effectively, state governments contribute to the overall governance framework of India, driving progress and development at the grassroots level while upholding democratic principles and accountability.

The administrative relations between the Centre and the States in India are governed by Articles 256 to 263 of Part XI of the Constitution. The distribution of executive powers delineates that the Union Government holds executive authority over subjects on which Parliament can legislate, while the State Government exercises executive power in conformity with laws made by Parliament.

During emergencies, such as a national emergency or President's Rule, the Centre can issue directions to states regarding the exercise of executive power. In the case of President's Rule, the Union Government assumes direct control over state machinery.

The appointment and control of key administrative bodies, such as State Public Service Commissions and All India Services, reflect a combination of central and state influence. While the Governor appoints the State Public Service Commission members, only the President can remove them. Similarly, while the Centre has ultimate control over All India Services, states exercise immediate but relatively less control.

Article 355 emphasizes the Union's duty to protect states against external aggression and internal disturbance. The appointment of the Governor and State Election Commissioner, by the President and Governor respectively, highlights central involvement in key administrative appointments within states.

The administrative relations between the Centre and the States in India are characterized by a delicate balance of powers, with the Constitution outlining mechanisms for cooperation, control, and protection of states' interests.

C. Financial Autonomy: Revenue Sharing, Fiscal Federalism, and GST Implementation:

Financial autonomy is a key aspect of state governance, encompassing revenue sharing mechanisms, fiscal federalism principles, and the implementation of the Goods and Services Tax (GST). Revenue sharing between the Union and the states forms the bedrock of fiscal federalism, ensuring equitable distribution of financial resources and enabling states to fulfill their constitutional responsibilities. Vertical and horizontal redistributions of revenues facilitate resource transfers from the Union to the states and among states themselves, addressing regional imbalances and promoting balanced development. The introduction of GST represents a significant reform in India's indirect tax system, replacing multiple state and central taxes with a unified tax regime. While GST aims to streamline tax administration and enhance revenue collections, its implementation has posed challenges for state finances, including adjustments in revenue streams and administrative complexities. The GST Council, comprising representatives from the Union and states, oversees the implementation and administration of GST, embodying the principles of cooperative federalism. Overall, financial autonomy empowers states to mobilize resources, allocate funds, and pursue development priorities, contributing to the effective functioning of federalism in India and fostering inclusive growth across regions.

GST Regime – Before and after 101st Amendment:

Before the introduction of the Goods and Services Tax (GST) through the 101st Amendment to the Indian Constitution, the taxation system in India was characterized by a multitude of separate taxes imposed by both the central and state governments. This fragmented tax regime included taxes

such as Service Tax, Central Excise, Customs duty, and State Value Added Tax (VAT), among others. However, with the implementation of GST, a fundamental shift occurred towards a unified tax system, embodying the principle of "one nation, one tax."

GST is structured into three main categories: **Central Goods and Services Tax (CGST)**, **State Goods and Services Tax (SGST)**, and **Integrated Goods and Services Tax (IGST)**. The distinction between these categories is based on whether the transaction occurs within a single state (intra-state) or involves movement of goods or services between different states (inter-state).

Intra-state supply of goods or services refers to transactions where both the supplier's location and the place of supply are within the same state or union territory. This means that the goods or services are supplied and consumed within the boundaries of a single state.

On the other hand, inter-state supply of goods and services occurs when the supplier is in one state or union territory, while the place of supply is in another state or union territory. Additionally, inter-state transactions encompass supplies made to or by Special Economic Zone (SEZ) units, which operate under specific regulations to promote export-oriented activities.

The introduction of GST has simplified and streamlined India's taxation system by replacing numerous indirect taxes with a unified tax structure. The categorization of GST into CGST, SGST, and IGST facilitates clarity and uniformity in tax administration, while the distinction between intra-state and inter-state supplies ensures appropriate tax treatment based on the geographical scope of transactions.

IV. Inter-State Relations and Cooperative Federalism – Inter State Council:

India's governance framework is characterized by the establishment of an Inter-State Council and the promotion of cooperative federalism. These principles aim to address inter-state issues, strengthen federalism, promote balanced development, enhance policy effectiveness, and strengthen national integration. The Council facilitates dialogue, negotiation, and consensus-building among states, promoting peace, stability, and unity. It also strengthens the federal structure by emphasizing collaboration between the Centre and states in governance.

Cooperative federalism ensures that states have a say in national policymaking and resource allocation, promoting balanced development across regions. This allows states to articulate their development needs, advocate for equitable resource distribution, and participate in policy formulation. The Council also enhances policy effectiveness by leveraging local knowledge, expertise, and resources of state governments. This leads to more informed decision-making and better outcomes in areas such as healthcare, education, infrastructure, and economic development.

In addition, the Council strengthens national integration by promoting understanding, cooperation, and solidarity among states, transcending regional, linguistic, and cultural divides. By embracing these principles, India can harness the collective wisdom and strengths of its diverse

states, paving the way for inclusive growth, sustainable development, and a stronger, more resilient nation.

The Inter-State Council (ISC):

The Inter-State Council (ISC), established based on the recommendations of the Sarkaria Commission in 1988, serves as an essential forum for consultation and coordination between the Union and the states in India. Comprising the Prime Minister, Chief Ministers of all states, Chief Ministers of Union Territories, and nominated Union Cabinet Ministers, the ISC aims to address subjects of common interest and facilitate better policy coordination among stakeholders. With a mandate to meet at least thrice a year, the ISC discusses pending and emerging issues of Centre-state and inter-state relations, aiming to foster cooperative federalism and activate zonal councils. Additionally, the Standing Committee of the ISC, headed by the Union home minister, ensures continuous consultation and monitoring of decisions taken by the ISC. Alongside the ISC, other bodies like the Zonal Councils and the Northeastern Council play crucial roles in promoting interstate relations, addressing regional issues, and facilitating economic development and security. Furthermore, constitutional provisions such as Articles 301 to 307 on trade and commerce and Article 262 on interstate water disputes provide legal frameworks for resolving disputes and promoting interstate cooperation. Overall, these mechanisms contribute to the strengthening of federalism and the promotion of harmonious relations among states in India.

V. Challenges to Centre-state relations in India:

Issues pertaining to Centre-state relations in India remain a persistent challenge in the country's federal governance framework. One significant issue revolves around the allocation of resources, including funds, taxes, and other benefits, leading to disputes between the Centre and the states. While the introduction of the Goods and Services Tax (GST) aimed to streamline revenue collection and sharing, concerns persist regarding the criteria used by the Finance Commission for revenue distribution.

Conflicts arise when states challenge central laws or policies perceived as encroaching upon state autonomy or violating constitutional principles. Recent examples include Kerala and Chhattisgarh's legal challenges against the Citizenship Amendment Act (CAA) and the National Investigation Agency Act, respectively.

The misuse of Article 356, which allows the Centre to impose President's Rule in states, has been a point of contention. Critics argue that this provision has often been invoked for political motives rather than genuine constitutional emergencies, as evidenced by instances in Arunachal Pradesh and Uttarakhand.

The role and appointment of Governors, where the perception exists that Governors are often seen as representatives of the Centre rather than impartial arbiters. This perception raises

concerns about the neutrality and independence of Governors, with some viewing the office as a tool for the Centre to exert influence over state affairs.

These issues underscore the complex dynamics and tensions inherent in Centre-state relations in India, highlighting the need for greater dialogue, cooperation, and respect for federal principles to ensure effective governance and balanced development across the country.

A. Center-State conflicts:

Issues related to jurisdictional overlaps and disputes.

Center-state conflicts often arise due to jurisdictional overlaps and disputes over legislative and executive authority. These conflicts can stem from ambiguities in the distribution of powers between the Centre and states, as outlined in the Seventh Schedule of the Indian Constitution. For example, concurrent subjects, where both the Centre and states can legislate, may lead to conflicting laws and regulations. Moreover, disputes may arise over issues such as land acquisition, environmental regulations, and law enforcement, where both levels of government assert their authority. These conflicts hinder effective governance and coordination, leading to delays in policy implementation and adverse impacts on development initiatives.

To address center-state conflicts, it is crucial to clarify and streamline the division of powers between the Centre and states through dialogue, negotiation, and legal mechanisms. Strengthening institutions like the Inter-State Council and encouraging cooperative federalism can facilitate better coordination and dispute resolution. Additionally, enhancing clarity in legislation and establishing mechanisms for conflict resolution can help mitigate jurisdictional conflicts and promote harmonious relations between the Centre and states.

B. Fiscal challenges:

Unequal resource distribution and financial dependency on the Union:

Fiscal challenges pose significant hurdles to Centre-state relations, particularly concerning unequal resource distribution and financial dependency on the Union. While the Finance Commission allocates funds to states based on various criteria, including population, socio-economic indicators, and tax contributions, disparities in resource distribution persist. States with limited revenue-generating capacity often rely heavily on central grants and transfers, leading to financial dependency and constraints on their autonomy.

To address fiscal challenges, it is essential to promote fiscal federalism and equitable resource distribution between the Centre and states. This can be achieved through reforms in tax devolution, revenue-sharing mechanisms, and fiscal incentives to encourage state-level revenue generation. Empowering states to mobilize resources through innovative financing mechanisms, such as market borrowing and public-private partnerships, can enhance their financial autonomy and reduce dependency on the Union. Moreover, enhancing transparency and accountability in fiscal

management and ensuring efficient utilization of resources can improve fiscal governance at both levels of government.

C. Administrative capacity:

Capacity building and institutional reforms at the state level:

Administrative capacity constraints pose significant challenges to effective governance and service delivery at the state level. States often face issues related to bureaucratic inefficiency, inadequate infrastructure, and limited human resource capacity, hindering their ability to implement policies and programs effectively. Weak administrative capacity can lead to delays in project execution, corruption, and poor service delivery, undermining public trust and confidence in government institutions.

To address administrative capacity challenges, it is essential to focus on capacity building and institutional reforms at the state level. This includes investing in training and skill development programs for civil servants, enhancing transparency and accountability mechanisms, and leveraging technology for efficient service delivery and governance. Strengthening local governance structures, such as municipalities and panchayats, can also empower communities and enhance their participation in decision-making processes. Moreover, promoting merit-based recruitment and performance-based incentives can attract and retain talent in the public sector, improving administrative efficiency and effectiveness.

Addressing center-state conflicts, fiscal challenges, and administrative capacity constraints requires a comprehensive approach involving legal reforms, policy interventions, and institutional strengthening efforts. By addressing these issues, India can foster cooperative governance, promote inclusive development, and achieve sustainable growth across the country.

VI. Measures to harmonious Centre-state relations in India:

To ensure harmonious Centre-state relations in India, various measures have been proposed by expert commissions and scholars over the years. The recommendations of commissions like the Sarkaria Commission, MM Punchhi Commission, and the National Commission to Review the Workings of the Constitution (NCRWC) provide valuable insights into potential reforms. Strengthening the institution of All-India Services, as suggested by the Sarkaria Commission, can promote administrative efficiency and uniformity across states. Similarly, the Punchhi Commission's proposal for defining the scope of devolution of powers to local bodies through constitutional amendments can enhance grassroots governance and empower local communities.

Additionally, recommendations such as establishing an Inter-State Trade and Commerce Commission and including emergency and disaster management in the Concurrent List, as proposed by the NCRWC, can address interstate issues and enhance coordination in crucial areas. Strengthening existing Centre-state institutions like the Inter-State Council, Finance Commission,

and Niti Aayog is essential to facilitate dialogue, cooperation, and decision-making between the Centre and states.

Fiscal federalism, emphasizing equitable distribution of resources between the Centre and states, is another critical aspect that requires attention. Promoting fiscal federalism can ensure fair resource allocation and empower states to address their unique developmental challenges effectively. Moreover, revisiting the seventh schedule of the Constitution to introduce a local government list and encourage further decentralization can enhance local governance and participatory democracy.

Encouraging innovation and policy experimentation at the state level is also crucial, as states often serve as laboratories for progressive policies and initiatives. By empowering states to innovate and implement tailored solutions to local issues, the overall governance framework can become more responsive and inclusive. Lastly, promoting effective power-sharing mechanisms between the Centre and states is essential to prevent the concentration of power and foster cooperative governance.

Implementing these measures requires concerted efforts from both the Centre and states, along with active engagement with stakeholders and civil society. By adopting a collaborative approach and embracing reforms that enhance transparency, accountability, and decentralization, India can achieve greater harmony in Centre-state relations, leading to sustainable development and inclusive growth across the nation.

VII. Findings and recommendations:

The Indian federal structure presents promising prospects for strengthening state governance. States have a unique understanding of local issues, needs, and priorities, which can lead to more effective and responsive service delivery in areas like healthcare, education, and infrastructure development. Advancements in technology and communication have created opportunities for states to leverage digital tools and platforms to enhance administrative efficiency, transparency, and citizen engagement. Fiscal decentralization and empowerment of local governments can empower communities and enhance their participation in decision-making processes, promoting bottom-up development, strengthening democratic governance, and addressing grassroots-level challenges more effectively.

To address challenges and enhance state autonomy within the Indian federal structure, several policy recommendations can be considered. First, revisiting and clarifying the division of powers between the Centre and states is necessary to mitigate jurisdictional conflicts and promote cooperative federalism. Second, enhancing fiscal autonomy and resource mobilization capabilities of states is crucial, which can be achieved through reforms in tax devolution, revenue-sharing mechanisms, and fiscal incentives. Strengthening local governance structures and empowering elected representatives at the grassroots level can also enhance state autonomy and promote participatory decision-making.

To promote greater cooperation and coordination between the Union and states, fostering a culture of dialogue, consensus-building, and mutual respect is essential. Regular meetings and consultations between central and state governments can discuss issues of common interest, share best practices, and coordinate policy initiatives. Enhancing the effectiveness of existing inter-governmental mechanisms such as the Inter-State Council, Finance Commission, and NITI Aayog can facilitate better coordination and collaboration between the Centre and states. Promoting joint initiatives and partnerships between the Centre and states in areas such as infrastructure development, skill training, and social welfare programs can foster greater synergy and alignment of efforts towards common goals.

VIII. Conclusion:

The relationship of legislative, administrative, and financial functions in the Indian federal setup defines the complex relationship between the Centre and the states. Through an analysis of the division of powers and functions outlined in the Constitution, we have explored the multifaceted nature of Centre-state relations across various domains.

On legislative matters, the Constitution delineates the exclusive powers of Parliament and State Legislatures, as well as concurrent legislative authority, which often leads to jurisdictional conflicts and the need for mechanisms like Article 356 during emergencies. Administrative relations highlight the control of the Union over certain state functions, particularly during national emergencies or President's rule, raising questions about state autonomy and the role of governors.

Financial matters underscore the challenges of resource allocation, tax distribution, and fiscal dependency on the Centre. Despite the introduction of initiatives like the GST and recommendations from commissions such as Sarkaria, Punchhi, and the NCRWC, issues like misuse of Article 356, disputes over resource allocation, and the politicization of gubernatorial appointments persist, creating hurdles in achieving harmonious Centre-state relations.

To address these challenges and foster cooperative federalism, several measures have been proposed, including strengthening intergovernmental institutions, promoting fiscal federalism, revisiting the Seventh Schedule, encouraging innovation at the state level, and ensuring effective power-sharing mechanisms between the Centre and states. In essence, ensuring harmonious Centre-state relations requires a balanced approach that respects the principles of federalism, upholds constitutional values, and promotes inclusive governance. By addressing existing challenges and implementing proactive policy measures, India can strengthen its federal structure, empower states, and promote collaborative governance for the collective welfare of its citizens.

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