

Large web of consultative bodies have enhanced the federal structure

# Restructuring the centre-state relationship in India

BY GURPREET MAHAJAN

**I**T WAS REGIONAL DISPARITIES, HISTORIC DIFFERENCES AND the enormous cultural diversity of India that led the framers of its Constitution to adopt a federal form of government. Still, they did include several centralizing elements: the office of the centrally-appointed governor, the all-India administrative services (the higher civil service, which serves both the central government and the states), very centralized revenues, and the power to declare an internal emergency and dismiss an elected state government. These mechanisms enabled the central government to exercise its influence and control over the states.

After independence, those centralizing aspects of the federal system had been reinforced by the dominance of one party, the Congress Party, at both the central and the regional levels. Because Congress effectively controlled both levels, any differences between states (regional governments) and between the centre and the states could be sorted out through intervention of the party leadership. As the Congress Party became more centralized in its own functioning and organizational structure, the balance tilted even more heavily in favour of the centre.

## The political context changes

In the 1960s and after, changes in the political process provided the impetus for restructuring the centre-state relationship. As the Congress Party's hegemony broke down, new regional parties came to power, demanding more fiscal and administrative autonomy within the federation. This process, sometimes described as the shift from centralized federalism to co-operative federalism, began in the mid-1970s. Since the 1990s it has been further consolidated with coalition governments being formed at the centre. The failure of any one party to gain majority in the central Parliament, and the growing dependence of national parties on support from regional parties to run the

government at the centre, has given more elbow room for the federal units to bargain and influence important decisions at the centre.

The space that the political process created for regional players and states vis-à-vis the centre has over the years been formalized through a series of institutional mechanisms. This pursuit of institutional change and innovation accelerated in 1989 when the National Front coalition, with V. P. Singh as prime minister, assumed office at the centre. The demand for restructuring the centre-state relationship had been gaining momentum since 1967 when the Congress Party lost elections for the first time in nine states. A framework for restructuring the centre-state relationship had been prepared beginning with the Rajmamar Committee set up by the Dravida Munnetra Kazhagam party when they were the government of Tamil Nadu state, the memorandum on centre-state relations submitted by the Left Front Party in 1977, and the opposition conclave in 1983 in Srinagar. The centre responded by setting up the Sarkaria Commission to look into the issue. In 1988, the commission made 247 recommendations in its report, 179 of which have since been accepted, paving the way for greater consultation and co-operation between the centre and the state.

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## New institutional mechanisms set up

The Constitution of India, under Article 263, envisaged the creation of institutional mechanisms for investigating, discussing, and advising on specific issues of concern to the centre and the states. One of the most important of these institutions, the National Development Council (NDC), was set up in 1952 with the Prime Minister as chair and the chief ministers of all the states as members. The NDC was supposed to strengthen and mobilize efforts in support of the five-year plans. Its role was subsequently expanded in 1967, when, following the recommendations of the Administrative Reforms Commission, it became a consultative body involved in the preparation of the plans and conducting their mid-term reviews.

In 1990, there emerged another important institutional mechanism – the Inter-State Council (ISC), with the prime minister as chair, chief ministers of all the states, six ministers of

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cabinet rank appointed by the PM as members, and another four ministers of cabinet rank as permanent invitees. While the NDC involved the states in determining planning priorities, the ISC was expected to facilitate a more comprehensive dialogue. In recent times, the ISC has prepared an action plan on good governance and scrutinized the implementation of the Sarkaria Commission's recommendations on centre-state relations.

Over the years, several other institutions have been set up to enhance co-operation between the centre and the states. While most of these are advisory bodies, in the changing political scene they have been able to play a positive role. Zonal Councils were established under the States Reorganization Act of 1956. With the Home Minister as chair and the chief ministers of states in the region as members, these councils meet to resolve differences between the states and with the centre and to promote balanced socio-economic development in the region. There are now five such councils and they offer concerned states an opportunity to deliberate on issues of shared interest; last year, the focus was on rural development, infrastructure, tourism, mining, and internal security.

Besides the Zonal Councils, there are a number of inter-state consultative bodies that review policies on specific issues: e.g., the National Water Resource Council, the Advisory Council on Foodgrains Management and Public Distribution and the Mineral Advisory Board. In addition, institutions have been set up under Article 263 to provide data for policies on specific issues. There are at present separate Central Councils of Health, Local Self Government, Family Welfare, Transport Development, Sales Tax and Sales Excise Duties, and Research in Traditional Medicine. Also, from time to time, the government sets up a finance commission to recommend the distribution of resources from the centre to the states. There exists, as well, a provision for the creation of tribunals to settle disputes between states on the sharing of river water.

### Limits of the existing structure

This large web of consultative bodies has enabled states to initiate dialogue with the centre and with each other, and has helped minimize tensions and enhance the co-operative dimension of the federal structure. While the contribution of these institutions must not be underestimated, there are nevertheless certain concerns that need to be addressed so that the institutionalized interactions nurture a sense of partnership, rather than paternalism, between the centre and the states.

First, no matter how well institutions are designed, their effective functioning is dependent upon, and can be impeded by, the larger political context in which they operate. For example, the ISC was set up in 1990 when the Congress Party had been voted out of power and first met in 1992. Then, after the Congress Party was voted back in, no meetings were held for the next six years – thus undermining the ISC.

Second, in the period of reform, new decision-making centres emerged and diminished the role of some of the existing consultative bodies. This is clearly the case of the NDC. Today, the NDC's approval is required for finalizing the five-year plans, but, effectively, the planning priorities are determined by the Planning Commission, a body of the central government.


Third, while consultative bodies are forums where political positions of different parties can be, and often are, articulated,

the spirit of dialogue is not always present. Therefore, the challenge is to mould them in a way that they become mechanisms for genuine co-operation.

Lastly, even though mechanisms of co-operation and consultation have been put in place, the centre remains powerful politically, and in extreme cases it can invoke the extraordinary measure known as President's Rule, which allows the central government to assume all the powers of a state government when that government is deemed to not be carrying out its functions in accordance with the Constitution.

From 1950 to 1967, President's Rule was imposed on 10 occasions. From 1967 to 1983, when the Congress Party was no longer the dominant force, this provi-

sion was invoked 81 times. In 1994, the Supreme Court ruled that such proclamations of emergency are not immune to judicial review. Since then, President's Rule has only been imposed around 20 times and the political barriers to this measure have been raised. On balance, despite many institutions for co-operation and providing independence for the states, the centre remains a powerful influence, further strengthened by its control of important fiscal transfers from the centre to the states for centre-sponsored schemes.

While there are certainly challenges confronting the federal polity, it cannot be denied that many contentious issues have been resolved successfully through the existing institutional arrangements. There is added reason for optimism. The central government has recently acknowledged the need to make the Inter-State Council a more effective mechanism for discussion on crucial economic and social concerns. In this era of coalition politics, it is to be expected that there will be more validations of this kind, helping India achieve a genuinely co-operative federalism. 



AP PHOTO/MUSTAPHA QUBAISHI

Party leaders from national and state legislatures share levity after smearing on coloured water during the Holi celebrations in March. The chief minister designate of Uttarkhand state, B.C. Khanduri, right, smiles as India's opposition leader, L.K. Advani, leads him forward.