



Sui Generis Indian Federalism:

Evolving Dynamics and Emerging Concerns

INTRODUCTION

The pandemic has posed a litmus test for the federal structure of India, whose nature is already a matter of debate amongst constitutional experts. The pandemic has enabled the central government to implement far-reaching reforms in areas such as agriculture, traditionally considered to be the domain of states.

As we are approaching the fifth phase of federalism since the founding of our republic, this climate gives us an opportunity to examine our idea of federalism. In this context, it will be important to observe whether the federal dynamics in India in this phase will take a more 'cooperative', 'accommodative', or 'coercive' turn.

In this document, we will be providing answers to the questions like- What is the idea of Federalism, How the concept of Federalism has historically evolved under different time periods in India, What is the current significance of Federal political structure for India, What are the emerging threats and changes impacting the fabric of Indian Federalism and What is the way ahead to strengthen India's unique federal structure.



WHAT DO WE UNDERSTAND BY THE IDEA OF FEDERALISM?

The term 'federalism' refers to the **constitutionally allocated distribution of powers between two or more levels of government**—one, at the national level and the other, at the provincial, state or local level. It is in **contrast with the unitary system**, under which either there is only one level of government or the sub-units are subordinate to the central government.

Key features of federalism



Two or more levels (TIERS) of government.



Each tier has its own JURISDICTION in specific matters of legislation, taxation and administration.



EXISTENCE AND AUTHORITY of each tier of government is constitutionally guaranteed.



CONSENT of both the levels of government is required to alter fundamental provisions of the constitution.



Supreme Court acts as an UMPIRE if disputes arise between different levels of government.



Sources of revenue for each level of government are clearly specified to ensure its FINANCIAL AUTONOMY.



DUAL OBJECTIVES : To safeguard and promote unity of the country and accommodate regional diversity.

First time in 1787, the constitution of United States (US) established a 'federation' and concept of federal state took a definite shape. As of now, only **25 of the world's 193 countries have federal political systems**, that makes up **40 percent of the world's population**. Some of the notable federal polities in the world are the United States (US), Canada, Switzerland, Australia and India.



The exact balance of power between the central and the state government varies from one federation to another. This balance depends primarily on the **historical context** in which the federation was formed and the **evolving socio-political scenario**.



Coming Together Federation

Independent States coming together on their own to form a bigger unit, so that by pooling sovereignty and retaining identity they can increase their security. All the constituent States usually have equal power and are strong vis-à-vis the federal government. Also known as 'Federation of States'.
Examples include USA, Switzerland and Australia.

'Federation' is derived from the Latin word **foedus**, which means **treaty or agreement**.

A federation, therefore, is a political system that is formed through a treaty or agreement between its various constituent units.

Holding Together Federation

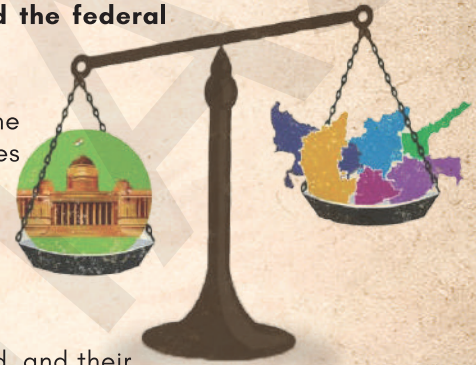
A geographically vast and culturally diverse country decides to divide its power between the constituent States and the national government. The central government tends to be more powerful vis-à-vis the States in this form.

Examples include India, Spain and Belgium.

HOW THE CONCEPT OF FEDERALISM EVOLVED IN INDIA?

Till 1935, India had unitary system. The **Government of India Act, 1935 envisaged the federal scheme** and first time introduced the federal concept in India and made legal use of the word 'Federation'.

- ☉ The **framers of the Indian constitution** took the Government of India Act, 1935 as the basis on which the new constitution was to be framed in view of the social diversities and the vast size of the country.
- ☉ However, they **refrained from creating a fully federalised political system in India** at the time of the country's independence because of their fear of further disunity and secessionist tendencies in a country which had already been subjected to partition.
- ☉ As a result, even though the States are sovereign in their prescribed legislative field, and their executive power is co-extensive with their legislative powers, the powers of the States are not coordinate with the Union. This is why the Indian Constitution is **often described as 'quasi-federal' (i.e. federal with a strong centre)**. It can be better phrased as **'federation sui generis' or federation of its own kind**.



- ☑ Indeed, **the term 'federation' finds no mention in the Constitution of India**. Article 1 describes India as a 'Union of States', and not 'Federation of States'.

- ☉ One key characteristic in evolution of India's federalism is its **asymmetric nature**. The main forms of administrative units in India are the Centre and the States. But there are other forms, too, all set up **to address specific local, historical and geographical contexts**.

- ☑ For instance there are **special provisions** applicable to some states like Maharashtra, Gujarat, Manipur, Nagaland etc. These are mentioned in **Article 371** of the Indian Constitution.

During the Constituent Assembly debates, the first Prime Minister, Jawaharlal Nehru cautioned that "it would be injurious to the interests of the country to provide for a weak central authority which would be incapable of ensuring peace, of coordinating vital matters of common concern and of speaking effectively for the whole country in the international sphere."

Other prominent members of the assembly also demanded a stronger Union government necessary for India's survival and political stability.







Constitutional provisions which give Indian Federalism a 'sui-generis' character

- ☑ **Unilateral discretion with the Parliament** to reconstruct the boundaries of the states.
- ☑ The **Union list contains more subjects** than the State list.
- ☑ The **Union law prevails in case of a deadlock** between the Union and states over subjects in the concurrent list.
- ☑ The **Parliament can also legislate on any of the state subjects** under extraordinary circumstances.
- ☑ The **Union Government has economic superiority** in terms of resources as well as in its discretion in allocating resources to the states.
- ☑ **Union Government's power of appointing governors** in the states and dissolving state governments by proclaiming 'President's Rule' if the Centre deems fit.
- ☑ **Single Constitution** for both Union and State governments.
- ☑ **Single citizenship**.
- ☑ **Integrated institutions of governance** like single system of courts, all-India public services, integrated audit machinery and the integrated election machinery.

However, over the journey of evolution, the regional interests and diverse political dynamics of the state-level actors have constantly challenged the centralising nature of the Indian polity. Following phases mark these developments:



 <p>First Phase: One-party Federalism (1952-1967)</p>	<p>A consensual model of federalism with the co-existence of national and state leadership in their respective realms of influence marked the era of Congress dominance. Despite the dominance of the Congress party following political factors enabled the decentralisation of Indian polity:</p> <ul style="list-style-type: none"> 🕒 Creation of Linguistic States: Immediately after independence, there was a popular demand for the creation of linguistic states, signalling the assertion of regional sentiment over the centralised design of nation-building. 🕒 Language Agitation: The Union government's proposal to declare Hindi as the national language met with strong opposition from the non-Hindi speaking states such as Tamil Nadu.
 <p>Second Phase: 'Expressive' Federalism (1967-1989)</p>	<p>Conflictual federal dynamics between the Congress-led centre and the opposition parties-led state governments due to centralising tendencies.</p> <ul style="list-style-type: none"> 🕒 The Centre frequently resorted to invoking Article 356 to dissolve state governments led by opposition parties. As a result autonomy of states was drastically reduced. 🕒 This led to creation of violent political crisis in Assam, Kashmir, Mizoram and Punjab in the late 1970s and early 1980s. 🕒 The Union government appointed the Sarkaria Commission in 1983 to look into the constitutional provisions on Centre-state relations. <p>This era therefore marked the beginning of "expressive federalism" in India, as the regional political forces interacted with the dominant Union government for their demands, and succeeded to some extent.</p>
 <p>Third Phase: Multiparty Federalism (1989-2014)</p>	<ul style="list-style-type: none"> 🕒 The rise of a number of regional parties led to the beginning of the era of coalition politics in India at the national level. 🕒 This blended the national and regional political narratives and paved the way for a more decentralised and pluralist multi-party federalism in India which found its manifestations in the three major policy and institutional changes: <ul style="list-style-type: none"> 📌 Financial Autonomy: The economic reforms dismantled the license, permit and quota raj in India thus deregulating the economic interactions which were earlier strongly controlled by the Union government. Benefitted by the reforms, the state governments got relative autonomy to initiate business endeavours and bring in foreign investments to their respective states. 📌 Judicial Safeguard: The Supreme Court's verdict in the S.R. Bommai vs Union of India created immunity for the state governments against the arbitrary use of Article 356 by the Union government. 📌 Institutionalised Local Self-government: 73rd and 74th Amendments were passed in 1992 to strengthen the functioning of the third tier of Indian federalism at the Municipal and Panchayat level.
 <p>Fourth Phase: The return of 'Dominant Party' Federalism (2014-present)</p>	<p>The 2014 general elections challenged the era of coalition politics at the national level with the rise of BJP as the dominant party at the national level. However, the need for empowering the states and cooperative federalism was realised and some major steps were taken in this direction:</p> <ul style="list-style-type: none"> 🕒 The centralised Planning Commission was replaced by the NITI Aayog for active involvement of the states. 🕒 Goods and Services Tax (GST) was implemented making the Centre and states as equal fiscal partners in sharing a common indirect tax base. A GST Council was formed to create a consensus amongst the states regarding the decision. 🕒 Union government accepted the 14th Finance Commission recommendation to give the states 42 percent share of the funds from the central pool (from the previous 32 percent).



The above developments have helped create a more federally balanced Indian polity. As a result, Indian federalism has matured quite a bit, and the states have far greater control of their economic and political management than in the initial phases.



WHAT IS THE SIGNIFICANCE OF FEDERAL POLITICAL SETUP FOR INDIA?

Alexis de Tocqueville was the first to admire the decentralized regime of the United States because, among other virtues, it enabled its national government to focus on primary public obligations leaving what he called society's countless "secondary affairs" to lower levels of administration. Such a system, in other words, could help the central government keep its priorities straight.

Federalism or federal form of government is the most suitable form for a vast and pluralistic country like India for reasons such as:

- 🌐 **Safeguard against abuse of power:** It limits the power of all governing institutions, thereby preventing any one person or institution from having too much power.
- 🌐 **Pursuance of the goal of common welfare** in the midst of wide diversity in socio-cultural and economic spheres.
- 🌐 **Facilitating the socio-political cooperation** between people of varied identities.
- 🌐 **Give people meaningful powers to choose policies** that suit their specific needs in their own territories. For instance, the control of local economic development – promoting local industries like agriculture, tourism and trade – or management of natural resources such as water, minerals and forests.
- 🌐 **Disperse access to power, wealth and resources** more widely to different territorial groups. It may help promote both peace and stability by giving local people a stake in the system and encourage better governance, with more equal economic development.
- 🌐 **Satisfying demands for recognition, autonomy and resources**, which might help ease political tensions and prevent secession.
- 🌐 **Allows for policy experimentation:** For example, Kerala was able to implement a 'campaign for total literacy' which resulted in the state achieving the highest literacy rate in the country. This policy experimentation allows states to try new policies to see what works and what doesn't.
- 🌐 **Engaging internationally at sub-national level:** A federal setup contains multiple levels of government. This increases the potential points of contact of the country as a whole for enabling global cooperation. For instance, India and Japan have signed Kobe-Ahmedabad sister-city cooperation agreement.
 - ▣ This kind of sub-national engagement becomes essential for **initiatives like countering climate change**, controlling pollution among others. E.g., Subnational Climate Finance Initiative.



Cons of Federal political setup on governance

Compared to the unitary system, a federal system causes **difficulties and delays in implementing government policies** due to three key reasons:

- 🌐 **Delays:** On matters that are performed jointly by Centre and States and solely by the States, the implementation of transformational policy ideas would be delayed or stalled due to time-taking negotiations required to build consensus. For instance, India took 17 years to roll out the GST.
- 🌐 **Divergence:** Contradictory policy stands taken by the Central and State governments may weaken the overall impact of a policy. An example is a different stand taken by the centre and states on the quantum of penalties imposed for traffic rules violations under the new Motor Vehicles (Amendment) Act 2019.
- 🌐 **Conflicts:** In case of **policy changes initiated by the national government on matters which have severe implications for the livelihood of the local population**, the States show resistance. For example, the signing of a free trade agreement by the national government would adversely affect the livelihood of farmers residing within a sub-national jurisdiction, thereby inviting resistance.

However, Federalism is often seen as a concept subject to changing economic, social, and political conditions. Today, political ambitions are prevailing over the administrative and financial aspect of the Union-state relations. Consequently, there are many challenges before Indian federalism in the present-day scenario.



IS THE FABRIC OF FEDERALISM IN INDIA WEAKENING IN THE RECENT TIMES?

Certain tendencies and emerging threats have been challenging the stability of the federal framework in India-

Increased Centralising Tendencies:

▣ **Altercations in the division of Union, State and Concurrent lists:** Over-time, several attempts have been made to change the division of power via changing the division of subjects. For example, forests, previously an exclusive subject for states (entry 19) was transferred to the concurrent list (entry 17A), resulting in the central government passing laws on forests, thereby taking away the autonomy of the States.

▣ **Events in relation to Delhi and Jammu and Kashmir:** The downgrading of a full-fledged State of Jammu and Kashmir into a Union Territory in 2019 and notification of the **Government of National Capital Territory (GNCT) of Delhi (Amendment) Act, 2021** which amends certain powers and responsibilities of the Legislative Assembly and the Lieutenant Governor.

▣ **Objections in association with passing of Farm laws:** For the passage of the agricultural legislations, the Centre relied upon the provisions under Entry 33 of the Concurrent List of Constitution that provides legislative competency on the subjects of "Trade and commerce in, and the production, supply and distribution of" five product categories, including "foodstuffs."

⦿ Though Constitutionally permissible, Critics have argued that since agriculture is a State subject, the passage of the Bills by Parliament is a legislative overreach by the Centre.

⦿ **Rising Regionalist Demands:** Regionalism or love for one's area, despite India's tradition of successful federal rule, disturbs the delicate balance between identities and affiliations at national and regional level. The regionalist emotion tends to create 'ethnic identities' such as Tamil, Telugu, Bengali, Sikh, Gujarati etc. which at times leads to 'othering' of citizens outside the ethnic group.

▣ In the past, there have been situations where **regionalist identities have outgrown the nationalist identities** leading to **secessionist tendencies**. For example, Khalistan issue in Punjab in the 1970s.

▣ **Growing regional powers may also affect foreign policy as the** Central government may bow to the will of an individual state. For instance, West Bengal threatened India's Teesta river waters treaty with Bangladesh because of its possible potential costs for West Bengal.

⦿ **Office of the governor:** Arbitrariness in use of such constitutional office has been the subject of acrimonious debates and divergent opinions in the country.

▣ For instance, the proclamation of president rule in the states like Arunachal Pradesh, Uttarakhand and Jammu and Kashmir and the governor's role in government formation in states like Goa, Manipur and Maharashtra raised questions about the governor's independence.

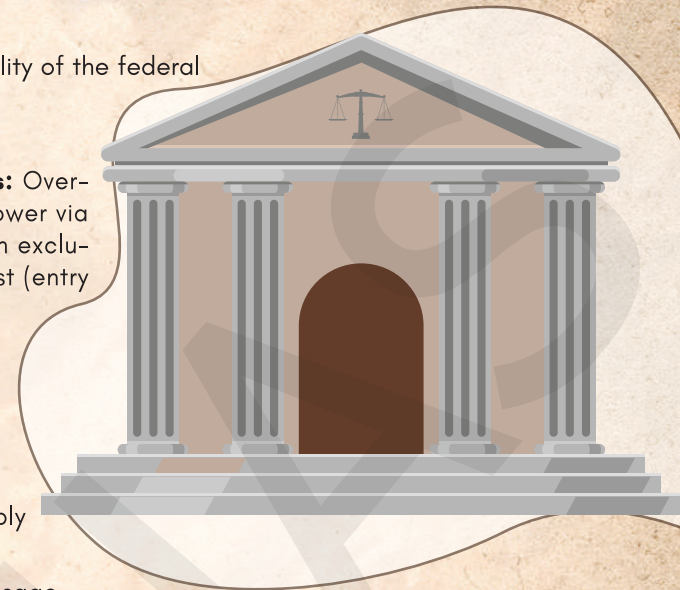
⦿ **Economic Incompatibilities of the units:** Differences in economic standards and relative economic and fiscal incompatibilities results in growing divergence between richer (southern & western) and poorer States (northern & eastern).

▣ This remains a **source of tension in inter-State relations** and has created a context where **collective action amongst States becomes difficult** as poorer regions of India contribute far less to the economy but require greater fiscal resources to overcome their economic fragilities.

⦿ **Developmental Challenge:** To accelerate progress, the Indian dispensation has proposed several schemes and visions which may undermine the federal principle. For example, developmental narratives like 'one nation, one market', 'one nation, one ration card', 'one nation, one grid' among others.

⦿ **Fiscal crisis*:** In recent years, fiscal relations between the union and state governments have undergone significant changes as a result of creation of the NITI Aayog, changes in the system of revenue transfers from the centre to the states, and the introduction of the Goods and Services Tax. Consequently, there has been a resurgence of horizontal and vertical imbalances in the structure.

* Refer to the weekly focus document on "Changing Dynamics of Fiscal Federalism" to learn more about this aspect.



Changing Dynamics of Fiscal Federalism in India

The essence of changing dynamics of Fiscal Federalism in India lies in the size of the overall fiscal space and distribution of control of that space. This problem has to be approached by making all division of fiscal resources fair and equitable and at the same time making efforts at expanding the overall pie.





Despite all their tussles, the **Centre and the states have a mutual need for survival**. This reinforces the synergy among them, which can be seen in following areas-

- 🌐 **Strengthening horizontal federalism:** Encouraging the idea of competitive and cooperative federalism through introduction of initiatives like measurable performance indicators (MPIs) in accessing finance and institutional measures like reviving the inter-state council has laid the ground for development of stronger inter-state connections.
- 🌐 **Financial Devolution Reforms:** The State's share in gross tax revenue has increased from 26% in FY 2010 to 32% in FY 2020. This has also been accompanied with reforms in the devolution methodologies, making them fairer without compromising needful support to the poorer states. For instance, using of 2011 Census population data by the 15th Finance Commission.
- 🌐 **Federal governance during COVID-19:** The most important moment of growth for federalism in the recent times is the revelation of the vital role of state governments on the ground in managing the COVID-19 crisis.
 - ▣ After initial challenges, the Union government ceded adequate space and autonomy to the states for strengthening their healthcare facilities, managing the localised lockdowns, and implementing social security measures to mitigate the impact of the pandemic.
- 🌐 **Increased federal character due to creation of NITI Aayog and the GST Council:** Both the institutions have increased the effective participation of states in the overall economy of the country through deliberation and participation in taxation policies.

Cross-Border Terrorism: A New Problem for Federalism

The inexplicable delays in providing security at the time of Mumbai Terror attacks in 2008 demonstrated that India's centre-state laws and practices were the principal culprit. Although steps have been taken over the years in the form of creation of National Investigation Agency, but serious impediments remain.

Central to India's internal security are the following laws and practices:

- 🌐 **Public order is entirely on India's 'state list', not on 'Union list' or 'Concurrent list':** Unlike the US, 'federal crime' is not a concept in Indian law.
 - ▣ For instance, when the Indian Airlines flight from Kathmandu was diverted to Kandahar in December 1999, the case could not be registered as a federal crime and was registered as a Delhi-based or state-based crime.
- 🌐 **Coordination issues:** Central agencies—including the national security guards (or commandos), who are especially trained for urban terrorism—cannot function without the cooperation of the state government and state police as they have no knowledge of ground-level specificities. This leads to undue delay in counter action against terrorist activities.
- 🌐 **Systemic challenges:** India's intelligence system is deeply fractured, both vertically and horizontally. For instance, the Central Bureau of Investigation (CBI), the institution often identified as the leading intelligence agency of India, faces numerous issues such as—
 - ▣ It is **primarily an ex-post investigation body**.
 - ▣ **Limited jurisdiction:** Its direct jurisdiction covers only Delhi and the Union Territories and is heavily dependent on state police for investigation at the state level.
 - ▣ **Lack of coordination:** CBI can team up with the Intelligence Bureau (IB). But the IB reports to India's Home Ministry, whereas the CBI reports to the Ministry of Personnel which hinders effective cooperation.
 - ▣ **Trust deficit:** The CBI has been caught in a political crossfire and faces enormous resistance at the state level, especially if the state government is run by a coalition or political party different from that ruling in Delhi.

In recent years, via a parliamentary act, a National Investigation Agency (NIA) was created that was envisaged to become India's prime investigation entity, but serious issues still remain such as:

- 🌐 The **NIA Act was created using an entry related to defence of India on the central list**. Internal, security is almost entirely under state jurisdiction.
- 🌐 The **NIA Act is not a constitutional amendment**, which would have required approval of two-thirds of parliament and half of states.
- 🌐 **The concept of a federal crime has still not been introduced.**

As a result, States would not give consent if they believe that the NIA might become a much more powerful CBI.

The aforementioned challenges and trends suggest that India's Federal stability hangs in a delicate balance. Thus, reforms at the institutional and political level can deepen the roots of federalism in India.



WHAT REFORMS ARE NEEDED TO STRENGTHEN INDIA'S FEDERAL STRUCTURE?

- 🕒 **Redistribution of Powers:** There is a need to relook the distribution of powers under the seventh schedule of the Constitution. The idea is that the power of the Centre is to be limited to subjects that concern the nation as a whole, while states are free to pursue their local interests in the way they desire. More localised decision-making is bound to increase national prosperity.
- 🕒 **Effective utilisation of federal bridging institutions** such as NITI Aayog can be used for- furthering transformational economic agendas, developing political goodwill between the Centre and the states and reduce the friction by ensuring better communication and coordination on a national scale.
 - 📌 In this regard, **Inter-state Council** (under Article 263) and **NITI Aayog's Governing Council** can play an important role for enabling direct involvement of States in national policymaking, on contentious economic policy areas. The record of GST Council in this direction, has been reasonably good from a pragmatic perspective.
 - 📌 For such institutions to work effectively, what is required is **political will and mutual trust involving the Centre and State leadership**, transcending the challenges of political partisanship.
- 🕒 **Strengthening the Office of Governor:** Various commissions including the famous **Sarkaria and Punchhi commissions** have suggested specific recommendations in order to make the office of governor more independent. Effective implementation of such recommendations can enable the office of Governor to become more just and effective in handling the dynamics of the Centre-State relations.
- 🕒 **Widening Fiscal Capacities:** In a framework of cooperative federalism, it is important to have provisions for a **higher devolution to the state and local governments** in order to fiscally empower them to achieve state-specific targets of fiscal deficit and to attain the goals of the national development programme of New India-2022, which expresses goals that pertain to the subjects in the State List.
- 🕒 **Pragmatic Federalism:** In many judgments, the Supreme Court has emphasised on the importance of 'pragmatic federalism', for achieving the constitutional goals that leans on the **principle of permissible practicability**.
 - 📌 Pragmatic federalism has the inbuilt ability to constantly evolve to changing needs and situations and the foremost objective of which is to come up with innovative solutions to problems that emerge in a federal setup of any kind.
 - 📌 The idea is to **gradually move away from a one-size-fits-all model towards a flexible model of Federalism** that allows each state to have its own model of governance, bureaucracy and local governments, but with firm safeguards to preserve national unity, separation of powers, fundamental rights and democratic accountability.



Is splitting bigger states into smaller ones a solution?

- 🕒 The creation of the new states such as Chhattisgarh, Uttarakhand, Jharkhand and recently Telangana has provoked a rash of demands from public as well as political parties for similar restructuring in other areas.
 - 📌 The demand is particularly strong in Vidharba (Maharashtra), Harit Pradesh (Uttar Pradesh), Nagalim (Nagaland), Bodoland (Assam), and a Gorkhaland out of West Bengal.
- 🕒 These **developments highlight a shift away from issues of language and culture - which had shaped the earlier process of reorganisation** - to those of better governance and greater participation, administrative convenience, economic viability and similarity in the developmental needs of sub-regions.

Here the **question is whether these newer states would become better off after splitting from their parent states and strengthen the Federal architecture of the country?**



While one group is of the view that smaller states are governed better, some other evidence suggests that the mere creation of smaller states out of the existing bigger ones does not guarantee good governance and faster and inclusive economic development.

For instance, data suggest that Uttarakhand and Chhattisgarh — **grew at a rate faster** (at 9.31% and 7.35% respectively during the period 2004-05 to 2008-09) than their parent states (Uttar Pradesh and Madhya Pradesh which grew at less than 6% during the same period). But, on the other hand, the new states, have **witnessed lower ratings in development parameters** such as poverty, infant mortality rates etc. when compared to their parent states.

There are also several other **advantages in the creation of new states**. For instance, creation of new capital cities and the associated infrastructure, creation of a large number of jobs among others.

However, **several problems exist in parallel**. Whether or not smaller states are successful in developing their regions is dependent on the extent of decentralisation.

For instance, if a small state is unable to devolve enough funds and physical resources to a far-flung area of the state to maintain its roads, the result would be inadequate quality of public services (such as schools, colleges, roads or irrigation) with the population in the remote area feeling as neglected as before. Further, the creation of one new state will lead to the demand for and creation of other new states.



Summing up

The more **long-lasting solution to regional and intra-state disparities is to create viable proposals for reducing them within the existing framework of governance** rather than create new political entities. Unless there is substantially better governance, there is no guarantee that a new political entity will lead to better economic performance.

And, if moving towards redrawing India’s Federal map by creating many smaller states, **economic and social viability rather than political considerations must be given primacy** and with certain clear-cut parameters and safeguards to check the unfettered demands.

CONCLUSION

Even as Indian federalism has a bias for the Union government, states have also sought to assert their interests and influence over the years, whether in times of one-party dominance or multi-party coalition politics. The relationship between centre-states however has been fraught with increasing tension due to various reasons.

To be sure, a diverse and large country like India requires a proper balance between the six pillars of federalism: autonomy of states, national integration, centralisation, decentralisation, nationalisation, and regionalisation. Extreme political centralisation or chaotic political decentralisation can both lead to the weakening of Indian federalism. The right balance must reconcile the need for national unity on one hand, and regional autonomy on the other.





TOPIC AT A GLANCE

Consent of both levels is required for a key decision

Financial Autonomy of each with designated sources of revenue.

Dual objectives of promoting unity and regional diversity

Federalism: Idea and its features

Federalism refers to the **constitutionally allocated distribution of powers between two or more levels of government**—one, at the national level and the other, at the provincial, state or local level.

Two or more Tiers of Government

Each Tier has its own jurisdiction

Constitutionally guaranteed Existence and Authority of each tier.

Evolution of Federalism in India

- The **Government of India Act, 1935 envisaged the federal scheme** and first time introduced the federal concept in India.
- Framers of the Indian constitution **refrained from creating a fully federalised political system in India** at the time of the country's independence because of their fear of further disunity and secessionist tendencies.
- One key characteristic of India's federalism is its **asymmetric nature**. The main political units in India are the Centre and the States. But there are other forms, too, all set up to **address specific local, historical and geographical contexts**.

Post-independence, India's federalism has evolved in phases:

- First Phase: One-party Federalism (1952-1967):** A **consensual model of federalism** with the co-existence of national and state leadership in their respective realms.
- Second Phase: 'Expressive' Federalism (1967-1989):** **Conflictual federal dynamics** between the Congress-led centre and the opposition parties-led state governments.
- Third Phase: Multiparty Federalism (1989-2014):** The rise of a number of regional parties **led to the beginning of the era of coalition politics**.
- Fourth Phase: The return of 'Dominant Party' Federalism (2014-present).**

Significance of Federal Political setup for India

- Safeguard against abuse of power.**
- Pursuance of the goal of common welfare.**
- Facilitating the socio-political cooperation.**
- Give people meaningful powers to choose policies.**
- Disperse access to power, wealth, and resources.**
- Satisfying demands for recognition, autonomy, and resources.**
- Allows for policy experimentation.**
- Engaging internationally at sub-national level.**

Is the fabric of federalism weakening?

Trends which showcase weakening federalism

- Increased Centralising Tendencies:**
 - Alterations in the division of Union, State and Concurrent lists.
 - Events in relation to Delhi and Jammu and Kashmir.
 - Objections in association with passing of Farm laws.
- Rising Regionalist Demands:**
 - Growing regional identities culminating to **secessionist tendencies**.
 - Growing regional powers may affect foreign policy.
- Misuse of the office of the governor** has been a subject of debate.
- Incompatibilities of the states** with regard to economic and financial capabilities.
- Developmental narratives like 'one nation, one market', 'one nation, one ration card', 'one nation, one grid'** may undermine the federal principle.
- Fiscal relations between the union and state governments have undergone significant changes** as a result of creation of the NITI Aayog and the introduction of the Goods and Services Tax.

Trends which showcase counterbalancing

- Strengthening horizontal federalism** with advent of ideas like **competitive and cooperative federalism**.
- Financial Devolution Reforms i.e.,** increasing the financial space for states and making distribution of resources fairer and more effective.
- Vital role played by state governments** on the ground in managing the COVID-19 crisis and Union understandably ceding adequate space and autonomy.
- Increased federal character due to **creation of NITI Aayog and the GST Council**.

Reforms needed to strengthen the federal structure

- There is a **need to relook the distribution of powers under the seventh schedule** of the Constitution.
- Effective utilisation of federal bridging institutions** such as NITI Aayog and the Inter-state council for effecting mutual trust between the State and Central leadership.
- Strengthening the Office of Governor** by implementing the recommendation suggested by commissions including the famous Sarkaria and Punchhi commission.
- Provisions for a **higher devolution to the state and local governments** in order to fiscally empower them to achieve state-specific targets of fiscal deficit and to attain the goals of the national development.
- Gradually move away from a one-size-fits-all model towards a flexible model of Federalism** that allows each state to have its own model of governance, bureaucracy and local governments.