
Contemporary challenges to Indian federalism

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DOI: <https://doi.org/10.5281/zenodo.17773790>

ABSTRACT:

Federalism in India exemplifies a distinctive endeavour in political architecture, meticulously crafted to reconcile the nation's extensive diversity with the imperative for national cohesion. The architects of the Constitution conceived a Union of States wherein powers and obligations would be apportioned between the Centre and the states in a manner that upholds both the integrity of the nation and the autonomy of its constituent entities. Dr. B.R. Ambedkar famously characterized Indian federalism as a system characterized by a "strong Centre" that possesses the capacity to address national exigencies while simultaneously accommodating the pluralistic nature of Indian society.

Over the span of seven decades since Independence, India's federal structure has undergone significant evolution through political praxis, judicial interpretation, and socio-economic metamorphosis. Nonetheless, in contemporary contexts, Indian federalism encounters novel and intricate challenges. The ascendance of centralized political authority, the financial subservience of states, inter-state conflicts, asymmetrical federal configurations, and the burgeoning issues of regionalism and identity politics have fundamentally reshaped Centre-State dynamics. These challenges bear profound implications for democratic governance and the principles of cooperative federalism.

This article scrutinizes the nature, origins, and ramifications of the challenges besieging Indian federalism in present-day India, while concurrently illuminating the mechanisms available to fortify federal harmony.

KEYWORDS:

Federalism, Globalisation, cooperative Federalism.

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Evolution of Indian Federalism

The Indian Constitution does not use the term “federation” explicitly but describes India as a “Union of States” (Article 1). The Constituent Assembly adopted a quasi-federal structure—one that combines features of both federal and unitary systems. Powers are divided between the Union and the States under the Seventh Schedule into three lists: Union, State, and Concurrent. While the states enjoy autonomy in their respective domains, the Centre possesses overriding powers in matters of national importance.

In the early decades after Independence, the Congress Party’s dominance at both central and state levels ensured cooperative Centre–State relations. However, from the late 1960s onwards, the emergence of regional parties, coalition politics, and judicial activism transformed India into a more competitive and negotiated federal polity. The creation of institutions such as the Inter–State Council (1990) and the implementation of the 73rd and 74th Constitutional Amendments further deepened federalism at the grassroots level.

Nevertheless, the 21st century has witnessed renewed tensions in Centre–State relations, leading to debates on whether India is experiencing a drift toward centralization or a new phase of cooperative and competitive federalism.

Challenges to Indian Federalism

Centralization of power

One of the primary challenges confronting contemporary governance is the escalating centralization of political and administrative authority. The constitutional framework inherently privileges the Centre through provisions that enable it to legislate on matters typically reserved for the States under specific conditions (Articles 249, 250, 252, and 356). In recent years, this phenomenon has been exacerbated by the pre-eminence of a singular national political party and the subsequent erosion of coalition governance.

The centralization of authority is manifest in: The implementation of centrally sponsored schemes (CSS) that prescribe state-level expenditure priorities;

The appointment of Governors who are often perceived as biased political entities rather than as neutral constitutional representatives;

The intervention of central investigative agencies such as the CBI and ED in the affairs of the states;

And the overarching control by the Centre over disaster management, health, and educational policies, particularly evident during the COVID-19 crisis.

Such developments have elicited apprehensions regarding the potential drift of India's federalism towards a "unitary bias," thereby diminishing the substantive autonomy of the states.

Fiscal Imbalance and Financial Dependence

Fiscal federalism constitutes one of the most pivotal domains of debate. While states bear the responsibility for substantial expenditures in critical sectors such as health, education, and infrastructure, their capacity to generate revenue remains severely constrained. The Centre retains dominion over principal tax revenues, leading to a vertical fiscal imbalance characterized by a disparity between the responsibilities and resources of the states.

The enactment of the Goods and Services Tax (GST) in 2017 has further consolidated fiscal authority at the Centre. Although intended to facilitate a cohesive national market, the GST has effectively undermined the fiscal autonomy of states by subsuming their indirect tax prerogatives. The delays or inadequacies in GST compensation disbursements during the pandemic exacerbated existing tensions, with numerous states alleging that the Centre failed to uphold its obligations.

Moreover, the devolution formula articulated by the Finance Commission, particularly the Fifteenth Finance Commission's reliance on the 2011 demographic data rather than that from 1971, has been criticized by southern states as discriminatory, penalizing them for their successful population control initiatives. These fiscal disparities have intensified perceptions of inequity within the federal framework.

Role of Governors

The Governor serves as the constitutional intermediary between the Centre and the states, yet this role has frequently been mired in controversy. Although intended to function as an impartial constitutional authority, Governors have often been accused of acting as representatives of the Union government. Instances of Governors withholding assent to legislative bills, delaying legislative processes, or interfering with routine governance have heightened tensions between the Centre and the States.

Recent instances include conflicts between Governors and state administrations in Tamil Nadu, Kerala, West Bengal, and Punjab concerning matters such as the assent to bills and the administrative

oversight of universities. The Supreme Court in *Nabam Rebia vs Deputy Speaker* (2016) and the Sarkaria Commission have underscored the imperative for neutrality and constitutional fidelity, yet the misuse of the office of the Governor continues to undermine trust in the federal structure.

Misuse of Article 356 (President's Rule)

Despite the limitations imposed by judicial oversight and political maturity, Article 356—granting the Centre the authority to enforce President's Rule in states—remains a contentious clause. Historically, it has been exploited over a hundred times, predominantly to dissolve state governments led by opposition parties. The Supreme Court's landmark judgment in *S.R. Bommai vs Union of India* (1994) restricted the arbitrary use of this provision, asserting that the imposition of President's Rule is subject to judicial review.

Nonetheless, sporadic debates on Centre-State power struggles, especially during constitutional crises, highlight that Article 356 continues to be a latent challenge to federal autonomy.

Inter-State Water and Boundary Disputes

The allocation of water resources and the delineation of territorial boundaries have historically posed significant challenges that scrutinize the robustness of Indian federalism. Inter-state water conflicts—exemplified by the Cauvery River dispute (Karnataka vs Tamil Nadu), as well as the Krishna-Godavari, Satluj-Yamuna, and Mahanadi cases—frequently escalate into prominent political crises. In spite of the establishment of tribunals under the Inter-State Water Disputes Act of 1956, protracted delays in the implementation and enforcement of awards have obstructed effective conflict resolution.

In a similar vein, border disputes, such as those occurring between Maharashtra and Karnataka over Belagavi or Assam and Mizoram, have occasionally escalated into violence, thereby exposing the inadequacies of existing federal mechanisms in managing territorial disputes.

Rise of Regionalism and Identity Politics

Although regionalism has initially bolstered federalism by amplifying the voices of diverse identities, the excessive politicization of regional matters can occasionally lead to confrontations with the central authority. Aspirations for heightened autonomy, the creation of new states, or even secessionist inclinations—as observed in certain regions of the Northeast or Jammu & Kashmir—constitute significant challenges to federal stability.

The revocation of Article 370 in 2019, which annulled the special status accorded to Jammu & Kashmir, has rekindled discussions regarding asymmetric federalism and the constitutional parameters of central authority. Detractors contend that this action undermined the federal principle by unilaterally modifying a state's status without the requisite consent of its legislative assembly.

Political Polarization and Erosion of Cooperative Federalism

Cooperative federalism is predicated on constructive dialogue and mutual respect between the Centre and the states. However, the rising tide of political polarization and partisan rivalry has significantly diminished this collaborative spirit. States governed by opposition parties frequently assert claims of discrimination in the distribution of central financial resources, the deployment of governmental agencies, or engagement in national policy formulation.

The attenuation of the Inter-State Council's function, the sporadic convening of the National Development Council (NDC), and the limited collaboration in the execution of national initiatives underscore a deterioration of institutional mechanisms designed for intergovernmental coordination. Furthermore, entities such as NITI Aayog, which were instituted to foster cooperative federalism, have faced criticism for operating predominantly as advisory bodies devoid of substantive decision-making authority for the states.

Judicial Interventions and Federal Balance

The judiciary occupies a pivotal role in sustaining the constitutional equilibrium between the Centre and the states. While judicial interventions have frequently upheld the principles of federalism, the overreach of judicial authority into political and administrative domains sometimes obscures the delineation of powers. Contentions concerning the governance of Delhi's bureaucracy, adjudicated by the Supreme Court in *Government of NCT of Delhi vs Union of India (2023)*, exemplify how indistinct constitutional provisions can engender tensions between the Centre and the states.

Moreover, the courts' interpretations regarding legislative competencies and executive dominion have at times favored central supremacy, prompting inquiries into the extent to which judicial processes safeguard genuine federal autonomy.

Impact of Economic Reforms and Globalization

The processes of economic liberalization and globalization have

fundamentally transformed India's fiscal and policy framework. While these developments have empowered states to attract investments and engage in economic competition, they have simultaneously engendered new disparities. More affluent states such as Maharashtra, Gujarat, and Tamil Nadu have disproportionately reaped the benefits, while less prosperous states continue to rely on central financial transfers.

This phenomenon of "competitive federalism"—albeit advantageous for enhancing efficiency—has the potential to exacerbate regional inequalities if not accompanied by redistributive measures. The challenge resides in achieving a balance between competition and cooperation to ensure equitable development.

Role of Technology, Surveillance, and Federal Autonomy

In the contemporary digital epoch, the governance of data, communication, and surveillance apparatus has emerged as a pivotal domain of federal contention. Centralized digital governance frameworks, exemplified by Aadhaar and the National Data Governance Framework, engender significant inquiries regarding the extent of state authority over the data and administrative operations pertaining to their citizenry. The escalating reliance on overarching legislative frameworks governing information technology, digital media, and national security has, at times, circumvented state sovereignty, thereby introducing a technological facet to the discourse surrounding federalism.

Ways and Means of Strengthening Federalism

Notwithstanding these adversities, the Indian federal construct has exhibited commendable fortitude. In pursuit of enhancing cooperative and participatory governance, a series of institutional and policy reforms merit consideration:

Revitalizing the Inter-State Council (ISC) – The ISC ought to be institutionalized as a permanent decision-making entity, characterized by regular convenings and mechanisms for follow-up to address issues arising between the Centre and the States.

Reforming Fiscal Federalism – The Finance Commission should embrace transparent and equitable paradigms for the devolution of resources. States ought to be afforded augmented latitude in matters of taxation and borrowing.

Ensuring Neutrality of Governors – The enactment of the recommendations put forth by the Sarkaria and Punchhi Commissions can facilitate the emergence of Governors as genuinely impartial constitutional

agents.

Strengthening NITI Aayog's Role – The Aayog can transform into a substantive platform for collaborative policy formulation, thereby empowering states to shape national developmental agendas.

Empowering Local Governments – The deepening of the 73rd and 74th Constitutional Amendments, through the provision of fiscal and administrative autonomy to Panchayati Raj Institutions, can significantly bolster grassroots federalism.

Promoting Judicial Restraint and Clarity – The interpretative framework of the Constitution must uphold the essence of cooperative federalism while distinctly delineating the competencies of legislative and executive branches.

Encouraging Political Dialogue – Consistent engagements between the Prime Minister and Chief Ministers, inter-party dialogues, and consensus-driven.

conclusion

Indian federalism stands at a crossroads in the 21st century. While it has evolved to accommodate diversity and ensure unity, the emerging trends of political centralization, fiscal imbalance, and intergovernmental conflict threaten its cooperative character. Yet, the very adaptability of the Indian system—its capacity for negotiation, institutional reform, and judicial intervention—continues to safeguard the federal ideal.

As India advances toward becoming a major global democracy, strengthening its federal framework is imperative. Federalism must not merely be a constitutional arrangement but a living political culture based on dialogue, trust, and mutual respect. Upholding the principles of cooperative and competitive federalism, as envisaged by the framers of the Constitution, remains essential to preserving the democratic spirit and pluralistic unity of the Indian Union.

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Funding:

This study was not funded by any grant.

Conflict of interest:

The Authors have no conflict of interest to declare that they are relevant to the content of this article.

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