Q2

The concept of cooperative federalism has been increasingly emphasised in recent years. Highlight the drawbacks in the existing structure and extent to which cooperative federalism would answer the shortcomings.

UPSC Civil Services Mains 2015 · GS II · 12 marks · Federal Structure and Devolution

Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

Core demand of the question

- Highlight the drawbacks in India's existing federal structure
- Show how far cooperative federalism would answer those shortcomings

Revision summary

- **India's federal text is Union-heavy:** lists, Article 356, All-India Services and tied schemes.

Vertical fiscal imbalance and a weak Inter-State Council were core drawbacks of the old structure.

NITI Aayog, 42 per cent devolution and a GST Council are the main cooperative answers of recent years.

Cooperation eases planning and tax-sharing; it does not rewrite emergency power or the Governor.

Forums need money and convention, or cooperative federalism stays a slogan.

Introduction

- **India is a Union of States with a strong Centre:** a long Union List, All-India Services, and Article 356. In recent years the Union has named cooperative federalism as the method for GST, the Fourteenth Finance Commission, and NITI Aayog. Drawbacks in the old structure are real; cooperation answers some of them and leaves others in the text of the Constitution.

Body

Drawbacks in the existing structure

- The Union List and the Concurrent List, with Union override under Article 254, let New Delhi occupy fields that States treat as their daily work: education, forests, and labour being the usual examples.
- Centrally sponsored schemes, until recently designed in the Planning Commission, tied State budgets to Union guidelines and matching shares, so States spent on Union priorities rather than on their own Assembly mandate.
- Article 356, even after S.R. Bommai v. Union of India (1994), remains a political weapon; fiscal dominance through the Finance Commission grant conditions and GST architecture can also squeeze State autonomy without a formal emergency.

• All-India Services, the Governor, and Union agencies in policing and investigation create a permanent Centre footprint inside the State executive.

• Inter-State Council under Article 263 has met too rarely to be a working federal cabinet; disputes on rivers, migration and tax still go to politics or to the Supreme Court rather than to a standing cooperative forum.

• **Vertical fiscal imbalance is structural:** States spend on health, education and law and order, while the most buoyant taxes were, until GST, designed and collected more easily at the Union level.

What cooperative federalism has begun to answer

• Cooperative federalism means the Union and the States set shared goals and share money and data, instead of the Union commanding and the State complying.

• Replacement of the Planning Commission by NITI Aayog (2015) was sold as a shift from plan-allocation hierarchy to a think-tank and a Chief Ministers' forum; it can ease one-size plans if States actually sit in the Governing Council as equals.

• The Fourteenth Finance Commission raised States' share in the divisible pool to 42 per cent, which is a structural answer to vertical imbalance and gives Assemblies more untied money.

• **A dual GST with a GST Council is cooperative in design:** States vote on rates and the Union cannot lightly ignore the Council if the constitutional amendment holds that bargain.

• Inter-State Council revival, NITI working groups, and Disaster Management structures show that some Union-State work is now done in committees rather than only by ministry letters.

How far cooperation still falls short

• NITI Aayog does not allocate plan funds as the Planning Commission did; without money, a forum can become a seminar, and States still face Union ministries on centrally sponsored schemes.

• GST cooperation can freeze State tax experiments; compensation politics can recreate dependence in a new form.

• Article 356, Governors, and All-India Services are not rewritten by a slogan of cooperation; they need convention and, where needed, statute.

• River boards, police modernisation, and language issues still show competitive and even coercive federalism when party colours differ between Raisina Hill and the State capital.

• Cooperative federalism therefore answers a good part of planning and tax-sharing drawbacks, and it does not by itself cure emergency powers, gubernatorial discretion, or Concurrent List occupancy.

What would make the answer fuller

• Regular Inter-State Council meetings with published minutes, a permanent GST Council bargain that States trust, and fewer CSS strings on the 42 per cent devolution would match the rhetoric.

• Punchhi and Sarkaria recommendations on the Governor and on Article 356 remain the unfinished federal homework.

Flow diagram

Drawbacks lists money Art 356 -> Old Planning CSS hierarchy

Cooperative federalism -> NITI Aayog

Cooperative federalism -> 14th FC 42 percent

Cooperative federalism -> GST Council

NITI Aayog -> Partial answer

14th FC 42 percent -> Partial answer

GST Council -> Partial answer

Drawbacks lists money Art 356 -> Lists Governor 356 remain

Conclusion

The existing structure is centralised in lists, money, services and emergency power. Cooperative federalism through NITI Aayog, higher Finance Commission devolution and a GST Council answers the planning and tax-share problems in part. It will answer the rest only when forums have money, the Governor is a constitutional figure, and Article 356 stays a last resort.

Facts & figures

Article 254

In the Concurrent List, a Union law prevails over a conflicting State law unless the State law has President's assent, and Parliament may still override.

Article 356

Allows President's Rule in a State; S.R. Bommai (1994) subjected it to judicial review but did not delete the Article.

NITI Aayog (2015)

Replaced the Planning Commission as a Union-State policy forum without the old plan-fund allocation power.

Fourteenth Finance Commission

Recommended raising States' share in the central divisible tax pool to 42 per cent.

Article 263

Enables an Inter-State Council; it has been the neglected standing forum for Union-State and inter-State coordination.