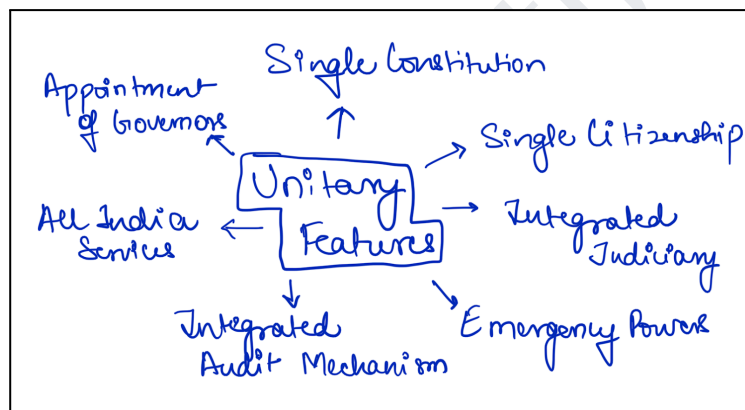
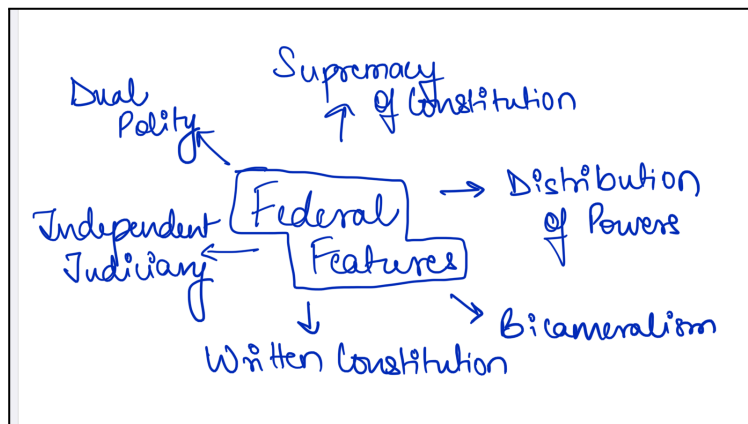


# Centre-State Relations

## Nature

1. Article 1, says India shall be “a union of states”
  - a. Ambedkar, “The Federation is a Union because it is indestructible.”
2. Existence of States depends on Union - Article 3



→ These are features, but “central control” are the practical implications of these features

→ Federation exudes a certain rigidity, but India’s basic principle is flexibility.

## Why Unitary?

1. Partition
2. Strong centre capable of
  - a. Ensuring peace
  - b. Coordinating vital development programme
  - c. Speaking for India at International Fora
3. India not the result of pact but the Constitution deriving its authority from one people
4. India indestructible – a pact has possibility of recall

5. The preference of Union over Centre shows the Constitution has created a sovereign whole with different units, instead of one focus surrounded by peripheries.
- 6.
7. → Duty of Union to protect states from aggression and ensure they work in accordance to Constitution: Article 355

## Central Control

1. Arbitrary redrawing of boundaries (Article 3)
- 2. Legislative**
  - a. More items to Union (100 + 52) compared to States (61 + 52)
    - i. State - 61 items
    - ii. Concurrent - 52 items
  - b. Compliance with laws made by (Art 256) - onus of 'Harmonious Construction' lies on state
  - c. Legislative power on State subject can pass to centre
  - d. Reservation of Bills for the President by Governor
- 3. Executive**
  - a. Mutual delegation of powers Article 258 & 258A
  - b. Parliament can entrust executive power of a Union subject on a state
  - c. Not to impede executive power of Union (257)
  - d. Centre can give directions to states under Article 257, eg: Preservation of railways in the state
  - e. Failure to comply with directions = breakdown of Constitution (Article 365)
4. President's rule under 356
5. Governors acting as political agents of the Centre
- 6. Services**
  - a. Work under States but recruited & trained by Centre
  - b. Ultimate control with Centre
  - c. State PSC removed by President
- 7. Judiciary**
  - a. High Court established by Parliament
  - b. HC Judges appointed by President
  - c. HC Judges salary decided by Parliament
- 8. Financial**
  - a. Integrated audit mechanism
  - b. Centre alone has 1/3rd votes in GST Council
  - c. No role of state in setting up Union Finance Commission
  - d. Portion of Cess & Surcharge on divisible taxes increasing since 2014
  - e. Borrowing limit of indebted states set by Centre
- 9. Extra Constitutional**
  - a. Zonal Councils headed by Home Minister

## Cooperative Federalism

1. GST Council recommendations have not been disregarded so far
2. Inter-state water dispute
3. Inter-state council (263)
4. NITI Aayog
5. Devolution increased from 29% of 10<sup>th</sup> FC to 41% of 15<sup>th</sup> FC
6. Full faith and credit (261)

### Way Forward

1. Inter-State Council
2. Model Laws on Concurrent Subjects
3. Develop a long term development vision, as federal issues are seen on party lines

## Competitive Federalism

### Measures

1. Policy Level
  - a. NITI
  - b. State schemes as best practices eg Kalia
  - c. Rationalising of CSS and increasing finance commission devolution to 42%
2. Administrative Level
  - a. Rankings: Healthy States, Better India; Swachh Survekshan Survey; States' Ease of DB
3. Finance Level
  - a. Funding under schemes tied to performance metrics, eg Jal Shakti
  - b. Borrowing limit to be increased for states implementing reforms
  - c. Finance Commission incentives for states implementing flagship schemes

### Challenges

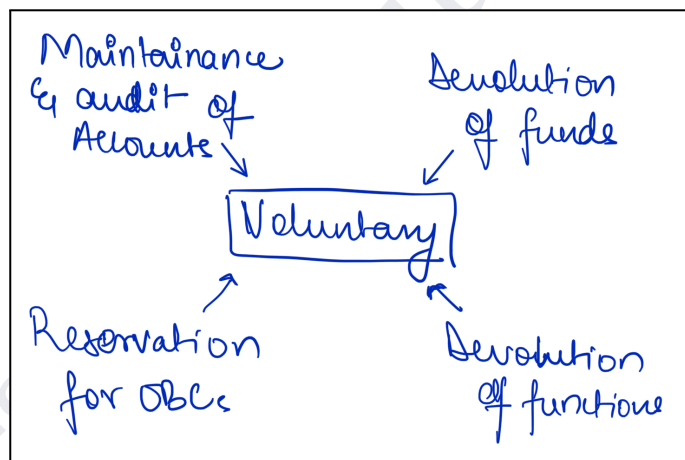
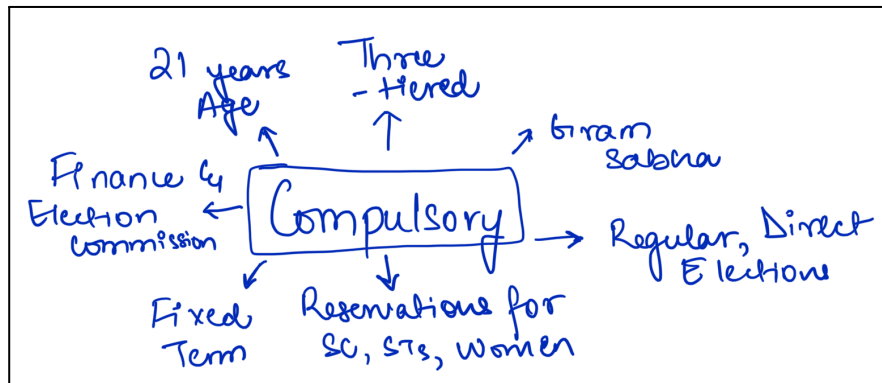
1. Political
  - a. Misuse of Governor's Role: eg MH
  - b. Politicisation of services: eg WB
2. Rolling back of devolution under social security schemes
3. Population control competition (re: Finance commission)
4. Shrinkage of divisible pool
5. Loss and compensation under GST
6. Different social, economic and geographical conditions in state

# Panchayats

- 73rd Amendment, 1992, added 15 articles to Part 9 of the Constitution
- Rajasthan and Andhra Pradesh were first states to implement Panchayats (Art 40 & List 2) in 1959

## Provisions

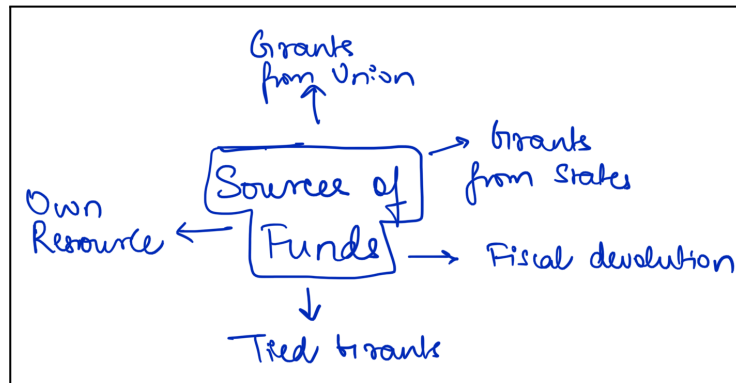
### 7/8 Compulsory



## Issues

1. Not adequate dissolution of funds and functions
2. Lack of qualified manpower - including secretary and elected officials
3. Lack of infra
4. Lack of own resource generation – **low property tax rates**
  - a. Autonomy
  - b. Accountability
5. Control by block office & district administration
6. Creation of parallel bodies such as Jal Boards, which have higher endowments

## Financial Issues



1. Finance commissions not appointed regularly and recommendations not implemented
2. Scheme-specific grants
3. Most taxation powers devolved to Gram Panchayats (ARC2) but they are reluctant to raise taxes
  - a. One of the lowest property tax rates in the world
  - b. Autonomy
  - c. Accountability

### Way Forward

1. Devolve more funds and powers to states
2. ICT such as BharatNet + GramSwaraj Portal + SVAMITVA

### Achievements

1. Decision-making: Eg “Control rooms” in municipal bodies during Covid-19
2. Women + SC/ST Representation
3. Literacy campaign by Ganjam Sarpanch