

Growing Centralized Tendency of Indian Polity Affecting Federal Structure of India

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This paper critically analyzes the growing centralized tendency within the Indian polity and its implications for the country's federal structure. India's "quasi-federal" system, while accommodating diversity, has witnessed a notable shift of power towards the Centre. The analysis explores historical and constitutional foundations, identifying key political (e.g., Article 356 misuse, Governor's role), economic (e.g., GST, NITI Aayog), administrative (e.g., All India Services), and judicial drivers of this centralization. The paper assesses its multifaceted impact on state autonomy, legislative, executive, and financial powers, leading to increased dependence and potential homogenization. While acknowledging justifications for a strong Centre, it proposes measures like strengthening Inter-State Councils and revisiting financial devolution to foster a more balanced and cooperative federal equilibrium for India's continued progress.

Keywords

Indian Federalism, Centralization, State Autonomy, Quasi-Federal, Article 356, GST, Fiscal Federalism, Cooperative **Federalism**, Political Factors, Economic Factors

Introduction

Federalism, in essence, is a system of government where power is divided between a central authority and constituent political units, each having its own sphere of jurisdiction. India, a nation characterized by immense diversity in language, culture, religion, and geography, adopted a federal system to accommodate these multiplicities while preserving national unity and integrity. However, the Indian model of federalism is often described as "quasi-federal" or "federal in form, unitary in spirit," a unique construct shaped by its historical context and constitutional design (Tillin, 2017). This distinctive framework allows for both national unity and regional diversity, enabling the central government to implement uniform policies while granting states the autonomy to address their specific needs (Vajiram & Ravi, n.d.).

Over the past few decades, there has been a discernible trend towards greater centralization of power within the Indian polity, raising significant concerns about its implications for the country's federal structure. This paper aims to critically analyze the growing centralized tendency in India, exploring its historical and constitutional underpinnings, identifying the key political, economic, administrative, and judicial drivers, and assessing its multifaceted impact on the autonomy and functioning of state governments. Furthermore, it will briefly consider the justifications often put forth for such centralization and propose potential ways forward to foster a more balanced and cooperative federal equilibrium.

Historical Context and Constitutional Framework

India's journey towards federalism was shaped by the tumultuous events surrounding its independence, particularly the partition of the subcontinent, which instilled a strong desire for national unity and stability. The framers of the Indian Constitution, while opting for a federal system, deliberately incorporated several unitary features to ensure a strong center capable of holding the diverse nation together and addressing potential fissiparous tendencies (ResearchGate, n.d.). This approach diverged significantly from older federations like the United States, which prioritized states' rights (ResearchGate, n.d.).

The constitutional framework of Indian federalism is primarily delineated in the Seventh Schedule, which divides legislative powers into three lists:

1. **Union List:** Subjects of national importance where the Parliament has exclusive legislative power (e.g., defense, foreign affairs, railways, currency).
2. **State List:** Subjects of local and regional importance where state legislatures have exclusive power (e.g., public order, police, public health, agriculture).
3. **Concurrent List:** Subjects on which both the Union and state legislatures can make laws, with Union law prevailing in case of a conflict (e.g., criminal law, civil procedure, education, forests).

Beyond the Seventh Schedule, several constitutional provisions explicitly grant the Union government significant powers, contributing to the centralizing tendency:

- **Article 3:** Empowers Parliament to form new states, alter areas, boundaries, or names of existing states without the consent of the affected states (Vajiram & Ravi, n.d.).
- **Article 200:** Allows the Governor to reserve state bills for the consideration of the President, effectively giving the Centre a veto over state legislation.
- **Article 249:** Enables Parliament to legislate on a subject in the State List if the Rajya Sabha passes a resolution by a two-thirds majority declaring it to be in the national interest.
- **Article 356 (President's Rule):** This is perhaps the most contentious provision, allowing the President to assume the functions of a state government if satisfied that a situation has arisen where the government cannot be carried on in accordance with constitutional provisions (BYJU'S, n.d.). Though intended as a last resort, its frequent misuse has been a major point of contention (Hasnain, n.d.).
- **All India Services (AIS):** Services like the Indian Administrative Service (IAS) and Indian Police Service (IPS) are recruited and controlled by the Union government but serve in states. While intended to promote administrative uniformity and efficiency, their dual control can sometimes lead to friction and central influence over state administration (Narayana, 1994).

- **Financial Dependence:** States heavily rely on central transfers, including grants and tax devolution, to meet their fiscal responsibilities (Political Science Journal, n.d.). The Union government also retains residuary powers of taxation.

These provisions, while designed to ensure national cohesion and stability, have often been interpreted and applied in ways that tilt the balance of power decisively towards the Centre, laying the groundwork for the growing centralized tendencies observed in contemporary Indian polity.

Drivers of Centralization

The centralizing tendencies in Indian federalism are driven by a complex interplay of political, economic, administrative, and, at times, judicial factors.

Political Factors

The political landscape has played a crucial role in shaping center-state relations. The dominance of a single national party, particularly the Indian National Congress in the initial decades after independence, led to a period of "smooth federalism" where the Centre exerted considerable influence over states, often governed by the same party (Vision IAS, n.d.). Even with the rise of coalition politics at the Centre, the influence of the national parties over regional allies can still manifest as centralizing pressure. Charismatic leadership at the national level can further consolidate power, sometimes at the expense of state autonomy.

The most prominent political tool for centralization has been the frequent invocation of **Article 356**. Despite being envisioned as a "dead letter" by Dr. B.R. Ambedkar, it has been used extensively to dismiss state governments, particularly those led by opposition parties, often on questionable grounds (Hasnain, n.d.; Hindustan Times, 2024). While the S.R. Bommai case (1994) judgment by the Supreme Court significantly curtailed its arbitrary use by subjecting proclamations to judicial review and laying down strict guidelines, instances of its perceived misuse or threat continue to arise (BYJU'S, n.d.; Hindustan Times, 2024). The appointment and role of state Governors, who act as representatives of the Centre, also contribute to this dynamic. Governors have, at times, been accused of acting as agents of the central government, particularly in situations of political instability in states or when reserving bills for presidential assent (Article 200).

Economic Factors

Economic reforms and policies have significantly altered the fiscal landscape of Indian federalism, often leading to greater centralization of financial powers. The implementation of the **Goods and Services Tax (GST)** in 2017 is a prime example. While GST aimed to create a unified national market and simplify the tax regime, it centralized indirect taxation, taking away much of the states' independent taxation powers (Drishti IAS, 2022; Political Science Journal, n.d.). States lost the flexibility to modify VAT rates according to their economic needs, diminishing their ability to meet local financial requirements (MYGST Refund, n.d.). Although the GST Council, comprising representatives from both the Centre and states, is designed to foster cooperative federalism, concerns remain about the potential centralization of fiscal authority and the adequacy of states' voting share (Political Science Journal, n.d.; MYGST Refund, n.d.). The eventual discontinuation of GST compensation to states has further exacerbated their financial vulnerability (MYGST Refund, n.d.).

The replacement of the Planning Commission with **NITI Aayog** in 2015 also marked a shift in economic governance. While NITI Aayog is projected as a "think-tank" promoting "cooperative and competitive federalism" through a "bottom-up" approach, it lacks the financial allocation powers of its predecessor, which are now vested with the Finance Ministry (Drishti IAS, n.d.). This shift means that while states are encouraged to formulate their plans, the ultimate financial leverage remains with the Centre, potentially limiting state autonomy in development planning and resource allocation. Centrally sponsored schemes and conditional grants further tie state expenditures to central priorities, reducing their fiscal discretion.

Administrative Factors

The administrative machinery also contributes to centralizing tendencies. The **All India Services (AIS)**, including the IAS, IPS, and Indian Forest Service (IFS), are a unique feature of Indian federalism. Officers of these services are recruited by the Union Public Service Commission (UPSC) and allocated to state cadres, where they hold key administrative positions. While they are expected to uphold both central and state interests, their ultimate control and disciplinary authority lie with the Union government. This dual control can sometimes lead to situations where state governments perceive AIS officers as being more accountable to the Centre, potentially undermining state administrative autonomy (Narayana, 1994).

Furthermore, the increasing role and reach of central investigative agencies like the Central Bureau of Investigation (CBI) and the Enforcement Directorate (ED) have also been a point of contention. States often accuse the Centre of using these agencies to target political opponents, thereby exerting undue pressure and influence on state governments. Centralization of law and order, particularly through anti-terror laws or directives during crises, can also impinge on subjects traditionally within the state's purview.

Judicial Factors

The judiciary, particularly the Supreme Court, plays a crucial role in interpreting the constitutional provisions related to federalism. While the Supreme Court has, in landmark judgments like the S.R. Bommai case, acted as a guardian of federal principles by curbing the misuse of Article 356, its interpretations can sometimes blur the lines of federal demarcation. Judicial activism, while often aimed at upholding fundamental rights or ensuring good governance, can inadvertently lead to centralizing directives that impact state subjects or policies. The balance between judicial review and respecting the autonomy of legislative and executive branches at both levels of government is a continuous challenge in maintaining federal equilibrium.

Impact on Federal Structure

The growing centralized tendency has several significant impacts on India's federal structure, affecting the autonomy, functioning, and inter-relations of its constituent units.

Erosion of State Autonomy

The most direct consequence of centralization is the erosion of state autonomy. This manifests in various forms:

- **Legislative Autonomy:** While states have exclusive powers over subjects in the State List, the Centre's ability to legislate on state subjects under Article 249 (national interest), the Governor's power to reserve bills, and the dominance of central legislation on Concurrent List subjects, all curtail the legislative space of states.
- **Executive Autonomy:** The control over All India Services officers, the imposition of President's Rule, and the increasing role of central agencies can undermine the executive authority of state governments, making them more susceptible to central directives and interventions.
- **Financial Autonomy:** The implementation of GST significantly reduced states' independent revenue-generating powers, increasing their reliance on central transfers. Conditional grants and centrally sponsored schemes, while providing funds, often dictate how states spend money, limiting their fiscal flexibility and ability to prioritize local needs (NEXT IAS, n.d.). This financial dependence is a critical aspect of the diminished autonomy.

Increased Dependence and Reduced Fiscal Space

States are increasingly dependent on the Centre for financial resources. This dependence is not merely about receiving funds but also about the terms and conditions attached to them. When states' own revenue-generating avenues are limited, and a significant portion of their budget comes from central transfers, their ability to undertake independent development initiatives or respond to unique regional challenges is constrained. This can lead to a situation where states become mere implementers of central policies rather than independent policy-making entities. The dilemma of investments and concentrated spending by the Centre can also crowd out states in terms of their own investment capabilities (NEXT IAS, n.d.).

Homogenization vs. Diversity

India's strength lies in its diversity. However, a strong centralizing tendency can lead to a "one-size-fits-all" approach to policy-making, potentially ignoring the unique socio-economic, cultural, and geographical specificities of different states. While uniformity might be desirable in certain national policies, imposing uniform solutions across a diverse nation can be counterproductive, leading to inefficiencies and a failure to address localized issues effectively. For instance, the 'one size fits all' approach of GST may not address the fiscal needs of all states, given their varying economic profiles (MYGST Refund, n.d.).

Inter-State Relations and Democratic Deficit

Centralization can also strain inter-state relations and the relationship between states and the Centre. Disputes over resource allocation, tax devolution, and the implementation of central schemes can lead to friction. Furthermore, excessive centralization can weaken democratic accountability at the state and local levels. When significant decisions are made at the Centre, far removed from the local populace, it can reduce the responsiveness of governance and diminish the sense of ownership among citizens over policies that directly affect their lives. The emergence of "parallel policies" between the Centre and states due to a trust deficit further highlights this issue (NEXT IAS, n.d.).

Arguments for Centralization

While the concerns about centralization are valid, proponents often argue for its necessity based on several grounds:

- **National Unity and Integrity:** In a country as diverse as India, a strong Centre is often seen as essential to counter fissiparous tendencies, maintain national unity, and prevent secessionist movements. The historical context of partition reinforced this belief among the Constitution's framers (ResearchGate, n.d.).
- **Uniform Development and Equitable Resource Distribution:** A strong Centre can facilitate uniform development across the country and ensure equitable distribution of resources, particularly to less developed states, thereby reducing regional disparities.
- **Efficient Disaster Management and Crisis Response:** Centralized command and control can be crucial during national emergencies, natural disasters, or health crises (e.g., the COVID-19 pandemic), enabling swift and coordinated responses.
- **Handling External Threats:** A strong central government is vital for national security, defense, and handling external threats effectively.
- **Addressing Inter-State Disparities:** The Centre can play a crucial role in mediating inter-state disputes and ensuring a balanced approach to development that benefits all regions.

These arguments underscore the delicate balance that Indian federalism seeks to achieve between the need for a strong, unified nation and the imperative to accommodate regional diversity and autonomy.

Recommendations and Way Forward

To foster a more balanced and cooperative federal structure, several measures can be considered:

- **Strengthening Inter-State Councils:** The Inter-State Council, established under Article 263, should be made a permanent and more effective body for deliberation and resolution of disputes between the Centre and states, as well as among states themselves (Vision IAS, n.d.). Its recommendations should carry more weight, and it should meet regularly to discuss critical issues.
- **Revisiting Financial Devolution Mechanisms:** There is a need for a re-evaluation of the financial devolution framework to ensure greater fiscal autonomy for states. This could involve increasing the share of states in central taxes, reducing the conditionalities attached to grants, and exploring new avenues for states to generate their own revenues. The GST Council's federal architecture could also be enhanced to empower states with a more adequate share of votes (MYGST Refund, n.d.).
- **Reforming the Role of Governor:** The office of the Governor needs to be depoliticized. Clearer guidelines for the Governor's discretion, particularly regarding the reservation of bills and the recommendation of President's Rule, are essential. The recommendations of various commissions (e.g., Sarkaria Commission, Punchhi Commission) on this matter should be strictly adhered to (BYJU'S, n.d.).
- **Promoting Cooperative Federalism in Spirit:** Beyond institutional mechanisms, there needs to be a genuine commitment to cooperative federalism, where the Centre and states work as partners rather than in a hierarchical relationship. This involves greater consultation with states on policy matters, especially those impacting state subjects, and respecting their unique needs and perspectives.

- **Enhancing Competitive Federalism Positively:** While NITI Aayog promotes competitive federalism through indices and rankings, this competition should be healthy and not lead to a race to the bottom or further central control. It should incentivize states to innovate and improve governance based on their strengths (Drishti IAS, n.d.).
- **Judicial Vigilance:** The judiciary must continue its role as the guardian of the Constitution, ensuring that the federal balance is not unduly disturbed by either the Centre or the states.

Conclusion

The Indian federal system, a unique blend of unitary and federal features, has been instrumental in managing the country's vast diversity while preserving its unity. However, the growing centralized tendency, driven by political dominance, economic policy shifts like GST, administrative controls through All India Services, and occasional judicial interpretations, poses significant challenges to the autonomy and efficacy of state governments. This centralization risks eroding the legislative, executive, and financial powers of states, increasing their dependence on the Centre, and potentially leading to a homogenization of policies that may not suit India's inherent diversity.

While the arguments for a strong Centre, particularly concerning national unity and equitable development, hold merit, an overemphasis on centralization can undermine the very democratic fabric and responsiveness that federalism is designed to foster. Moving forward, a renewed commitment to cooperative federalism, coupled with institutional reforms and a genuine respect for the distinct spheres of authority of both the Union and state governments, is crucial. Striking the right balance between a strong Centre and empowered states is not merely an academic exercise but a practical imperative for India's continued progress, democratic vibrancy, and enduring national cohesion.

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