Indian Federal System:

Federalism is a system of government **in which powers are divided between two or more levels of government**, such as the centre and the states or provinces. Federalism allows for the accommodation of diversity and regional autonomy within a larger political unit.

The Indian Constitution **establishes a federal system with some unitary features.** It is sometimes called a quasi-federal system, as it contains elements of both federation and union. The Constitution specifies the distribution of legislative, administrative and executive powers between the union government and the state governments. The legislative powers are categorized under a **Union List, a State List and a Concurrent List**, representing the powers conferred upon the union government, the state governments and the powers shared among them. The Constitution also provides for the **establishment of a multilevel or multilayered federation with multiple modes of political power** distribution.

The Indian federalism is **unique in its context,** as it has evolved from a unitary system under British rule to a federal system after independence. Indian federalism has **faced several challenges and issues** over time, such as the **integration of princely states, linguistic reorganization of states, regional movements and demands for autonomy, centre-state relations and conflicts, fiscal federalism** and resource sharing, cooperative federalism and inter-state coordination, etc.

What are different Types of Federal Systems?

- **Holding Together Federation:** In this type, powers are shared between various constituent parts to accommodate the diversity in the whole entity. Here, powers are generally tilted towards the central authority. Example: India, Spain, Belgium.

- **Coming Together Federation:** In this type, independent states come together to form a larger unit. Here, states enjoy more autonomy as compared to the holding together kind of federation. Example: USA, Australia, Switzerland.

- **Asymmetrical Federation:** In this type, some constituent units have more powers or special status than others due to historical or cultural reasons. Example: Canada (Quebec), Russia (Chechnya), Ethiopia (Tigray).

What are the Challenges Before Indian Federalism?

- **Regionalism:**

- o The **rise of regional parties and movements** based on **linguistic, ethnic, religious or cultural identities** has posed a challenge to the national integration and unity of India.

- o Some regions or groups have **demanded more autonomy, special status** or even secession from the Indian union.

  - **For example**, the demand for **Gorkhaland in West Bengal, Bodoland in Assam, etc.**

- **Division of Powers:**

  - o The division of powers between the Centre and the states is **not clear and balanced.**

  - o The **Centre has more powers and resources** than the states and can interfere in their affairs through various means such as **President's rule**, **Governor's role**, **central laws, etc**. The states have limited autonomy and fiscal space to pursue their own development and welfare policies.

    - For example, **President's rule was imposed in Arunachal Pradesh** and **Uttarakhand in 2016** on grounds of constitutional breakdown, but was later revoked by the **Supreme Court.**

- **Absence of Fiscal Federalism:**

  - o The **fiscal relations between the Centre and the states are not equitable** and transparent. The Centre collects most of the taxes and distributes them to the states according to its discretion or criteria.

  - o The states depend on the **Centre for grants-in-aid, loans and other transfers.** The states have limited taxation powers and borrowing capacities.

    - **For example**, many states have complained about the **inadequate compensation for revenue losses due to GST** implementation.

- **Unequal Representation of Units:**

  - o The representation of states in the **Parliament** and other **federal institutions is not proportional to their**

population, area or contribution. Some states are over-represented while others are under-represented.

- For example, **Uttar Pradesh has 80 Lok Sabha seats** while **Sikkim has only one.** This affects the voice and influence of different states in national decision-making and resource allocation.

- **Centralized Amendment Power:**
  - The power to amend the Constitution is vested in the Parliament with a special majority. The states have no role or say in the amendment process except in some matters affecting them.

    - **For example, the Centre's decision to abrogate Article 370 and bifurcate Jammu and Kashmir into two union territories in 2019 was done without consulting the state government or other stakeholders.**

    - For example, the **creation of Telangana from Andhra Pradesh in 2014 was opposed by the latter state** and led to protests and violence.

Why there is a Need to Strengthen Federalism?

- **Preserving Diversity and Pluralism:**
  - Federalism is needed **to protect and preserve the diversity and pluralism of India's society, culture, language, religion, etc.** in the face of increasing homogenization and assimilation pressures from the Centre or dominant groups.

- **Safeguarding Autonomy and Rights:**
  - Federalism is needed **to safeguard and enhance the autonomy and rights of the states and other sub-national units** in the face of increasing centralization and interference from the Centre or other external forces.

- **Improving Quality and Efficiency of Governance:**
  - Federalism is needed **to improve and ensure the quality and efficiency of governance and service delivery** at various levels by empowering and enabling the states and other sub-national

units to formulate and implement their own policies and programmes according to their needs and capacities.

- **Promoting Balanced and Inclusive Development:**
  - Federalism is needed **to promote and achieve the balanced and inclusive development and welfare of all regions and sections** of India by ensuring equitable and transparent distribution of resources and opportunities among different levels or units of government.

- **Fostering Harmony and Cooperation:**
  - Federalism is needed **to foster and sustain the harmony and cooperation among different levels or units of government** by resolving disputes and conflicts through dialogue and consultation rather than confrontation and coercion.

Which Institutions are Promoting Federalism?

- **The Supreme Court:**
  - It is the apex judicial body of the **country and acts as the guardian** and interpreter of the Constitution.
  - It has the power to adjudicate disputes between the Centre and the states or among the states.

- **The Inter-State Council:**
  - It is a constitutional body established under **Article 263 of the Constitution to promote coordination and cooperation among the Centre and the states** on matters of common interest and concern.
    - It consists of the **Prime Minister, Chief Ministers of all states, Chief Ministers of union territories** with legislatures and six central ministers nominated by the Prime Minister.

- **The Finance Commission:**

- o It is a constitutional body **established under Article 280** of the Constitution to recommend the distribution of revenues between the Centre and the states.

- o It also suggests measures to augment the resources of states and grants-in-aid to states in need.

- **The NITI Aayog:**

  - o It was established in 2015 to replace the Planning Commission.

  - o It acts as a think tank and advisory body for the Centre and the states on matters of economic and social development.

  - o It also fosters cooperative federalism by involving states in policy formulation and implementation.

    - It consists of a chairperson (the Prime Minister), a vice-chairperson, a CEO, full-time members, part-time members, ex-officio members (chief ministers of all states and lieutenant governors of union territories) and special invitees.

What are the Ways to Strengthen Federalism in India?

- **Enhancing Devolution of Powers and Resources:**

  - o Federalism can be strengthened **by enhancing devolution of powers and resources to states and local bodies** by **revising the constitutional lists, increasing the share of states in central taxes**, giving more fiscal autonomy and flexibility to states, etc.

- **Ensuring Greater Representation and Participation:**

  - o Federalism can be strengthened by **ensuring greater representation and participation of states in national decision-making** by involving them in the formulation and implementation of national policies and programmes, giving them more voice and vote in federal institutions such as the GST Council, the Inter-State Council, the NITI Aayog, etc.

- **Fostering Cooperative and Competitive Federalism:**

o   Federalism can be strengthened **by fostering cooperative and competitive federalism among states** by encouraging them to work together on common issues and challenges, promoting best practices and innovations among them, creating incentives and rewards for better performance and outcomes, etc.

- **Addressing Regional Imbalances and Inequalities:**

  - o Federalism can be strengthened by **addressing regional imbalances and inequalities by providing special assistance and support to backward** and disadvantaged regions or groups, ensuring fair and adequate allocation of resources and opportunities among different regions or groups, creating regional development councils or authorities, etc.

- **Respecting Federal Principles and Spirit:**

  - o Federalism can be strengthened by **respecting federal principles and spirit in all matters** by adhering to the constitutional provisions and norms related to federalism, avoiding arbitrary or unilateral actions or interventions by the Centre or states, **resolving disputes or conflicts through dialogue or judicial mechanisms, etc.**