



Centre–State Relations in India: Constitutional Framework, Judicial Interpretation and Contemporary Challenges

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DOI : <https://doi.org/10.5281/zenodo.18647828>

ARTICLE DETAILS

Research Paper

Accepted: 25-01-2026

Published: 10-02-2026

Keywords:

Indian Federalism; Centre–State Relations; Cooperative Federalism; Article 356; Fiscal Federalism; Basic Structure Doctrine.

ABSTRACT

Centre–State relations constitute the foundational pillar of India’s federal constitutional structure. The Constitution of India establishes a distinctive model of federalism characterised by a strong Union, constitutionally recognised State autonomy, and institutional mechanisms for inter-governmental coordination. This paper critically analyses the legislative, administrative and financial dimensions of Centre–State relations within the constitutional framework of Articles 245–263 and 268–293 read with the Seventh Schedule. It evaluates the transformative role of judicial interpretation in redefining federalism as part of the basic structure doctrine and examines the implications of landmark constitutional decisions on federal balance. The paper further explores contemporary challenges including fiscal centralisation, the operation of the Goods and Services Tax regime, gubernatorial discretion, and the evolving nature of cooperative federalism. While central predominance has historically ensured political stability and national unity, excessive concentration of power risks undermining democratic decentralisation. The paper argues that sustained constitutional morality, fiscal transparency, judicial vigilance and strengthened institutional dialogue are essential to preserving India’s federal equilibrium in an era of dynamic governance.



1. Introduction

Federalism represents a constitutional technique designed to reconcile unity with diversity within a single political system. In India, the adoption of federalism was influenced by historical experience, territorial vastness, cultural plurality and socio-economic diversity. Article 1 of the Constitution describes India as a “Union of States”, signifying that the federation is not the result of an agreement among sovereign entities but a constitutional creation. The framers intentionally rejected the classical compact theory of federation and instead envisaged an indestructible Union with destructible States

The Constituent Assembly debates reveal that a strong Centre was considered indispensable for preserving national integrity in the aftermath of Partition. At the same time, democratic decentralisation was recognised as essential for effective governance. Indian federalism therefore embodies a careful balance between central authority and regional autonomy. Over the decades, Centre–State relations have evolved through constitutional practice, judicial interpretation and political negotiation, making federalism a dynamic and living principle rather than a static institutional arrangement.

2. Nature and Structure of Indian Federalism

The Indian Constitution establishes a written and rigid framework that distributes powers between the Union and the States. Unlike the United States model of dual federalism, the Indian system incorporates cooperative and quasi-federal features. The power of Parliament to reorganise State boundaries under Articles 2 and 3 underscores the constitutional supremacy of the Union.

Nevertheless, States possess exclusive competence over matters enumerated in the State List. The existence of an independent judiciary, bicameral legislature at the Union level, and a constitutional amendment procedure further reinforce the federal character. The Supreme Court has acknowledged that although the Constitution exhibits strong unitary features, it retains essential federal attributes. Federalism in India thus operates as a blend of central predominance and decentralised governance.

3. Legislative Relations between the Centre and the States

Legislative competence is primarily governed by Articles 245 to 255 and the Seventh Schedule. The Union List contains subjects of national importance such as defence, foreign affairs and currency. The State List includes public order, police and agriculture, reflecting regional priorities. The Concurrent List enables both levels of government to legislate on subjects including education and criminal law.



Article 254 embodies the doctrine of repugnancy, granting supremacy to Parliamentary legislation in case of conflict. Articles 249 and 250 permit Parliament to legislate on State subjects in national interest or during emergencies. While these provisions promote legislative uniformity, they also reinforce central dominance. The balance between uniform governance and State autonomy remains a recurring theme in constitutional discourse.

4. Administrative Relations and Institutional Mechanisms

Administrative relations are addressed under Articles 256 to 263. States are constitutionally obligated to ensure compliance with Union laws, and the Union may issue directions to secure implementation. Such provisions facilitate coordination but also reflect hierarchical supervision.

The Inter-State Council under Article 263 serves as an advisory body to resolve disputes and promote cooperation. Although not consistently utilised, it represents an important constitutional mechanism for dialogue. The role of the Governor, appointed by the President, has generated significant debate. Controversies surrounding government formation and reservation of bills highlight the tension between constitutional neutrality and political influence. Strengthening conventions governing gubernatorial discretion is vital for preserving federal propriety.

5. Financial Relations and Fiscal Federalism

Financial relations constitute the most sensitive aspect of Centre–State dynamics. Articles 268 to 293 regulate distribution of taxation powers and revenue sharing. The Union controls major revenue sources, while States depend substantially on tax devolution and grants-in-aid.

The Finance Commission, established under Article 280, plays a pivotal role in recommending equitable distribution. However, increasing reliance on centrally sponsored schemes and conditional grants has constrained State fiscal autonomy. The introduction of the Goods and Services Tax marked a significant restructuring of fiscal federalism. While the GST Council symbolises cooperative decision-making, compensation disputes during economic downturns exposed structural asymmetries. Ensuring predictable and transparent fiscal transfers is essential for maintaining federal balance.

6. Judicial Interpretation and Federal Balance

The judiciary has played a decisive role in shaping Centre–State relations. Under Article 131, the Supreme Court exercises original jurisdiction over disputes between the Union and States. In *State of West Bengal v Union of India*, the Court emphasised the strong central character of the Constitution.



Subsequently, in *S.R. Bommai v Union of India*, federalism was recognised as part of the basic structure of the Constitution, imposing substantive limitations on the exercise of Article 356.

This doctrinal shift transformed federalism from a political arrangement into a judicially enforceable principle. Judicial review operates as a safeguard against arbitrary central intervention and reinforces constitutional supremacy. The evolution of the basic structure doctrine demonstrates the Court's commitment to preserving the federal character of the Constitution.

7. Emergency Provisions and Federal Equilibrium

Emergency provisions under Articles 352, 356 and 360 significantly alter Centre–State relations. During a National Emergency, legislative powers of the States are substantially curtailed. Article 356, relating to President's Rule, has historically been misused for political purposes.

Judicial scrutiny in the *Bommai* case curtailed arbitrary proclamations and mandated objective justification. Although constitutional safeguards have strengthened, the potential for central overreach remains inherent in the design. A principled approach to emergency powers grounded in constitutional morality is essential for preserving democratic federalism.

8. Contemporary Challenges and Cooperative Federalism

Contemporary federalism faces challenges arising from fiscal stress, political polarisation and institutional centralisation. The increasing role of central agencies, expansion of centrally sponsored schemes and delays in GST compensation have intensified Centre–State tensions.

Cooperative federalism emphasises collaboration rather than confrontation. Institutions such as the GST Council and NITI Aayog reflect efforts toward shared governance. However, meaningful cooperation requires transparency, trust and respect for constitutional boundaries. Revitalising inter-governmental dialogue and strengthening fiscal decentralisation are necessary reforms for sustaining India's federal democracy.

9. Conclusion

Centre–State relations in India reflect a carefully calibrated constitutional design balancing unity and diversity. While centralisation has contributed to political stability and national integration, excessive concentration of power threatens federal equilibrium. Judicial vigilance, institutional accountability and adherence to constitutional morality remain essential to preserving democratic decentralisation.



The future of Indian federalism depends upon sustained cooperative engagement between the Union and the States. Strengthening fiscal autonomy, respecting constitutional conventions and reinforcing judicial safeguards will ensure that federalism continues to function as a living and dynamic principle within India's constitutional framework.

Footnotes

- Granville Austin, *The Indian Constitution: Cornerstone of a Nation* (Oxford University Press 1999).
- Constitution of India 1950 arts 245–263, 268–293.
- *State of West Bengal v Union of India* AIR 1963 SC 1241.
- *S.R. Bommai v Union of India* AIR 1994 SC 1918.
- Sarkaria Commission, *Report on Centre–State Relations* (1988).
- Punchhi Commission, *Report on Centre–State Relations* (2010).