



The Constitutional Architecture of Union–State Relations in India

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ABSTRACT

The Constitution of India lays the foundation for a federal system designed to distribute authority between the Union and the states while preserving the unity and integrity of the nation. Rather than adopting a rigid or classical federal model, the Indian Constitution establishes a flexible and dynamic framework that accommodates the country's vast diversity, complex governance needs, and historical circumstances. This paper undertakes a critical examination of the constitutional architecture governing Union–State relations, tracing its evolution from colonial administrative practices to the deliberations of the Constituent Assembly and its eventual constitutional embodiment. The study explores the distinctive features of Indian federalism, emphasizing its unique blend of centralizing and decentralizing tendencies. Special attention is given to the constitutional division of legislative, executive, and financial powers between the Union and the states, as articulated through provisions such as the Seventh Schedule, financial arrangements, and administrative controls. These mechanisms reflect an attempt to balance national interests with regional autonomy while ensuring effective governance and uniformity in essential matters. In addition, the paper analyzes key institutional frameworks that facilitate coordination and cooperation between different levels of government. Bodies such as the Finance Commission, Inter-State Council, and the Goods and Services Tax Council illustrate the evolving nature of cooperative federalism in India. At the same time, the role of



constitutional authorities and the judiciary in resolving disputes and maintaining constitutional balance is critically assessed. The paper also addresses contemporary challenges confronting Union–State relations, including fiscal imbalances, political centralization, the use of emergency provisions, and conflicts arising from overlapping legislative competencies. These issues have periodically strained the federal structure and generated debates on state autonomy and democratic accountability. By evaluating these tensions and constitutional responses, the paper highlights the ongoing efforts to reconcile territorial integrity with regional aspirations. It concludes by assessing the need for institutional reforms, enhanced intergovernmental dialogue, and greater adherence to constitutional principles to strengthen cooperative federalism and ensure the long-term stability of India’s federal polity.

1. Introduction

Federalism represents a constitutional arrangement in which governmental authority is divided between a central government and subnational units, each deriving its powers from the Constitution rather than from one another. This system is intended to accommodate diversity, promote decentralization, and ensure efficient governance within a unified political framework. India’s adoption of federalism reflects these objectives, yet the Indian model does not conform strictly to classical federal theories. Instead, it represents a distinct and pragmatic form of federalism shaped by historical circumstances, socio-political diversity, and the imperatives of national integration.

The Indian Constitution, which came into force in 1950, establishes a comprehensive legal and institutional framework governing relations between the Union and the states. While the term “federal” is not explicitly used in the constitutional text, the structure and distribution of powers clearly indicate a federal design. However, this design is characterized by a strong central authority. The framers of the Constitution deliberately vested significant powers in the Union to address concerns arising from colonial fragmentation, the challenges of post-independence nation-building, and the need to maintain territorial integrity in a diverse and plural society. As a result, Indian federalism is often described as asymmetric, flexible, and dynamic in nature.



The Constitution delineates Union–State relations through an elaborate division of legislative, executive, and financial powers. The Seventh Schedule allocates legislative competencies between the Union and the states, while financial provisions regulate taxation, revenue sharing, and grants-in-aid. Administrative relations are governed by constitutional provisions that enable coordination and supervision, ensuring uniform implementation of laws across the country. Additionally, emergency provisions empower the Union to assume greater control during exceptional circumstances, further reinforcing the centralizing features of the federal system.

Institutional mechanisms play a crucial role in managing the complexities of Union–State relations. Bodies such as the Finance Commission, Inter-State Council, and, more recently, the Goods and Services Tax Council facilitate cooperation, consultation, and dispute resolution between different levels of government. The judiciary, particularly the Supreme Court of India, functions as the guardian of the Constitution by interpreting federal provisions and adjudicating disputes between the Union and the states, thereby maintaining the constitutional balance.

The purpose of this paper is to critically examine the constitutional architecture that shapes Union–State relations in India. It seeks to analyze key constitutional provisions, assess the effectiveness of institutional mechanisms, and identify the challenges confronting India’s federal structure. By examining issues such as centralization of power, fiscal imbalances, and intergovernmental conflicts, the study aims to provide a nuanced understanding of how the Constitution strives to reconcile national unity with regional autonomy within the Indian federal framework.

2. Historical Context

India’s federal structure is the outcome of a complex historical evolution shaped by colonial administrative practices, nationalist aspirations, and pragmatic governance considerations. Unlike classical federations that emerged through the voluntary association of autonomous units, Indian federalism developed under conditions of colonial subjugation and political fragmentation. Consequently, the constitutional architecture governing Union–State relations reflects both inherited centralizing tendencies and deliberate constitutional innovations aimed at managing diversity while preserving national unity.

The Supreme Court has repeatedly acknowledged that Indian federalism is unique in character. In *State of West Bengal v. Union of India* (1963), the Court observed that the Indian Constitution does not envisage a traditional federal structure but establishes a system where the Union occupies a position of



constitutional predominance. This interpretation underscores the importance of historical context in understanding the nature of Indian federalism.

2.1 British Legacy

The foundations of India's federal system can be traced to colonial governance under British rule. British India consisted of provinces directly administered by the colonial government and princely states governed indirectly through treaties and alliances. These arrangements lacked democratic accountability and meaningful decentralization. Legislative and executive authority remained highly centralized, with provinces exercising only limited powers delegated by the British Crown.

The Government of India Act, 1935, represented a significant, though incomplete, step toward federalism. It introduced a division of subjects between the Centre and the provinces and proposed an all-India federation. However, the federal scheme never became fully operational, and the Governor-General retained overriding authority. Despite its shortcomings, the Act heavily influenced the framers of the Indian Constitution, particularly the structure of the Seventh Schedule and the distribution of legislative powers under Articles 245 to 254.

Judicial interpretation has recognized this colonial legacy. In *Union of India v. H.S. Dhillon* (1972), the Supreme Court affirmed that the residuary powers vested in Parliament under Article 248 reflect the framers' intent to avoid the weaknesses of a loosely structured federation experienced during colonial administration.

2.2 Constituent Assembly Debates

The Constituent Assembly debates reveal deep concern about maintaining national unity in the aftermath of partition, communal violence, and political instability. These anxieties shaped the Assembly's preference for a strong Centre. Dr. B. R. Ambedkar emphasized that India's federal structure was designed to function effectively even during emergencies, justifying central dominance as a safeguard against disintegration.

This constitutional vision was later upheld in *Kesavananda Bharati v. State of Kerala* (1973), where the Supreme Court identified federalism as part of the Constitution's basic structure while simultaneously acknowledging the Union's overriding authority in certain circumstances. The Court clarified that



federalism in India is not rigid but adaptable, capable of responding to political exigencies without undermining constitutional supremacy.

Further, the Assembly's intent to allow flexibility in Centre–State relations is evident in provisions such as Articles 249, 252, and 356, which enable Parliament to legislate on State subjects under specific conditions. The misuse of Article 356 was later curbed through judicial intervention in *S.R. Bommai v. Union of India* (1994), which reinforced the federal principle by limiting arbitrary central intervention in state governance.

2.3 Adoption of the Constitution

With the adoption of the Constitution on 26 January 1950, India formally established itself as a sovereign, democratic republic with a federal framework tailored to its unique needs. Although the Constitution does not explicitly describe India as a “federal” state, its structural provisions—such as the dual polity, written Constitution, and independent judiciary clearly embody federal principles.

At the same time, the Constitution incorporates strong unitary features. Emergency provisions under Articles 352, 356, and 360 enable the Union to assume expanded powers during crises. The Supreme Court in *A.K. Gopalan v. State of Madras* (1950) and later in *Bommai* recognized that these provisions, though exceptional, form an integral part of India's constitutional framework.

The dynamic nature of Indian federalism was reaffirmed in *State (NCT of Delhi) v. Union of India* (2018), where the Court emphasized cooperative federalism as a guiding constitutional principle. This reflects the framers' vision of a flexible federal system capable of evolving with changing political and social realities.

In essence, the historical development of Indian federalism demonstrates a conscious constitutional effort to balance unity with diversity. The combined influence of colonial governance, Constituent Assembly deliberations, and judicial interpretation has shaped a federal structure that remains both resilient and adaptable, continuing to define Union–State relations in contemporary India.

3. The Constitutional Architecture of Union–State Relations

The bedrock of any federal system is a clear, legally enforceable division of power. In the absence of such a framework, governance would descend into a perpetual jurisdictional tug-of-war. The Constitution



addresses this by establishing a sophisticated "blueprint" that delineates where the Union's authority ends and the State's begins, covering everything from the laws they pass to the money they spend.

3.1 The Trinity of Legislative Authority: The Seventh Schedule

A central feature of India's federal design is the constitutional allocation of legislative powers between the Union and the states. This allocation is carefully structured under the **Seventh Schedule** of the Constitution, which divides legislative subjects into three distinct lists. The purpose of this division is to prevent jurisdictional ambiguity, promote efficient governance, and maintain a balance between national interests and regional autonomy.

The **Union List** comprises subjects that are considered vital to the sovereignty, security, and economic stability of the nation. These include areas such as national defence, foreign relations, currency, atomic energy, and communications. Given the uniform and nationwide impact of these matters, exclusive legislative authority is vested in Parliament. Centralized control over these subjects ensures consistency in policy and protects the integrity of the nation as a whole.

In contrast, the **State List** is designed to empower state governments to legislate on matters closely connected to local administration and regional welfare. Subjects such as public order, police, public health, agriculture, and local government fall within this domain. By granting states exclusive competence over these areas, the Constitution recognizes the importance of local knowledge, cultural diversity, and regional priorities in governance. This decentralization allows state legislatures to respond effectively to the specific needs of their populations.

The **Concurrent List** represents a shared legislative space between the Union and the states. It includes subjects such as education, forests, marriage and divorce, labour welfare, and criminal law, where coordinated action by both levels of government is often necessary. While both Parliament and state legislatures may enact laws on these matters, the Constitution provides a mechanism to resolve potential conflicts. Under **Article 254**, if there is an inconsistency between a Union law and a state law on a concurrent subject, the Union law prevails. This principle, known as the **Doctrine of Repugnancy**, acts as a constitutional safeguard to maintain legislative coherence while preserving space for state participation.

Together, these three lists form the backbone of India's legislative federalism, reflecting a deliberate constitutional effort to harmonize unity with diversity.



3.2 Financial Federalism: The Power of the Purse

The most pragmatic, and often most contentious, aspect of Union–State relations is money. Financial federalism determines whether a State can actually fund the schools and hospitals it is legislatively responsible for.

Articles 268 to 281 create a complex web of revenue distribution. A recurring theme in this relationship is Fiscal Imbalance: the Union typically has a greater capacity to collect high-yield taxes (like income tax), while the States bear the brunt of social welfare spending.

To bridge this gap, Article 280 mandates the creation of the Finance Commission. This independent body acts as a neutral arbiter, recommending how tax proceeds should be shared vertically (between Union and States) and horizontally (among different States). The introduction of the Goods and Services Tax (GST) in 2017 represented a seismic shift in this dynamic. By merging various indirect taxes into one, States traded away some of their autonomy over taxation in exchange for a seat at the table in the GST Council, marking a move toward "pooled sovereignty."

3.3 Administrative Symbiosis: Executive Relations

Legislating a policy is useless if it cannot be implemented. Articles 256 to 263 ensure that the administrative machinery of the country functions as a cohesive unit.

The Union possesses the "power of direction." It can issue instructions to States to ensure that national laws are respected and that vital infrastructure, such as railways or communication lines, is protected. While this sounds hierarchical, the Constitution also provides for "Cooperative Federalism" through institutions like the Inter-State Council. This forum allows for dialogue and dispute resolution before conflicts reach the courtroom, fostering a spirit of partnership rather than one of command-and-control.

3.4 The "Unitary Tilt": Emergency Provisions

Perhaps the most unique feature of this framework is its ability to transform during a crisis. The Constitution allows the federal structure to fold into a unitary one under three specific circumstances:

1. **National Emergency (Article 352):** Triggered by war or armed rebellion, where the Union takes over the legislative and executive functions of the States to ensure national survival.



2. **President's Rule (Article 356):** Used when a State's constitutional machinery fails. While intended as a last resort, this has historically been a major friction point, often criticized as a tool for political interference.
3. **Financial Emergency (Article 360):** A provision to protect the nation's credit or financial stability, allowing the Union to direct States to reduce salaries or change financial priorities.

These provisions act as the "ultimate authority," ensuring that while the States are autonomous in peace, the Union remains supreme in times of peril.

3.5 The Judiciary as the Constitutional Umpire

Finally, the stability of this entire system rests on the shoulders of the Judiciary. The Supreme Court holds Original Jurisdiction under Article 131, meaning it is the only place where the Union and a State (or two States) can settle their legal differences.

Through judicial review, the courts prevent "creeping centralization." By striking down laws that overstep jurisdictional boundaries, the judiciary ensures that the spirit of the Constitution one of "unity in diversity" is preserved. It acts as the final check against any attempt by either level of government to erode the autonomy of the other.

4. Features of Indian Federalism

Indian federalism represents a distinctive constitutional arrangement that seeks to accommodate vast social, cultural, linguistic, and regional diversity within a unified political framework. Unlike classical federations that emphasize rigid division of powers and equal status of constituent units, the Indian model adopts a flexible and pragmatic approach. It combines strong central authority with constitutionally guaranteed state autonomy, enabling the system to respond effectively to both routine governance and extraordinary circumstances. The features of Indian federalism reflect the framers' conscious effort to balance unity and diversity while safeguarding national integrity.

4.1 Union-Dominant Federalism

A defining characteristic of Indian federalism is the constitutional predominance of the Union. While the Constitution establishes a dual polity, it confers substantial authority upon the central government. This design was informed by historical experience, including colonial centralization and the political



instability surrounding independence and partition. The framers believed that a strong Centre was essential to preserve unity, ensure administrative efficiency, and prevent secessionist tendencies.

One of the primary sources of Union dominance lies in the distribution of legislative powers. Subjects of national importance are placed exclusively within the Union List, granting Parliament sole authority to legislate on matters such as defence, foreign affairs, currency, communications, and atomic energy. These areas require uniformity in policy and centralized control to safeguard national interests.

In addition to exclusive legislative competence, the Constitution empowers Parliament to legislate on subjects ordinarily reserved for the states under specific conditions. **Article 249** allows Parliament to legislate on State List matters if the Rajya Sabha declares that such legislation is necessary in the national interest. **Article 250** extends this power during the proclamation of a national emergency. **Article 252** enables Parliament to legislate for two or more states with their consent, thereby facilitating uniform laws in areas of shared concern. These provisions highlight the flexible yet centralizing tendencies embedded within the federal framework.

Emergency provisions further reinforce Union dominance. During national, state, or financial emergencies, the Centre may assume expanded powers, significantly altering the federal balance. Although these provisions are intended as exceptional measures, their existence underscores the Constitution's emphasis on national stability and continuity, even at the cost of temporary centralization.

4.2 Asymmetric Federalism

Another distinctive feature of Indian federalism is its asymmetric nature. The Constitution does not treat all states uniformly; instead, it recognizes that certain regions possess unique historical, cultural, or strategic characteristics that require special constitutional arrangements. This asymmetry allows the federal system to accommodate diversity without undermining unity.

Historically, **Article 370** provided a special constitutional status to the State of Jammu and Kashmir, granting it a separate constitution and greater autonomy in legislative matters. Although this provision was abrogated in 2019, it exemplified the Constitution's willingness to adopt differentiated federal arrangements to address regional sensitivities. Similarly, provisions under **Articles 371 to 371J** continue to grant special protections and administrative arrangements to various states and regions, particularly in the northeastern and southern parts of India.



Asymmetry is also evident in the governance of **Union Territories**. Unlike states, Union Territories are administered either directly by the Centre or through partially elected governments, depending on their constitutional status. This differentiated structure reflects practical considerations such as population size, strategic importance, and administrative capacity. The varying degrees of autonomy granted to Union Territories illustrate the flexible and adaptive nature of Indian federalism.

By embracing asymmetry, the Constitution enables the federal system to respond to regional diversity while maintaining overall coherence. This approach allows India to function as a unified polity despite profound differences among its constituent units.

4.3 Cooperative Federalism

In recent decades, the principle of **cooperative federalism** has emerged as a guiding norm in Union–State relations. Unlike competitive or confrontational models, cooperative federalism emphasizes collaboration, consultation, and mutual accommodation between different levels of government. This approach recognizes that effective governance in a complex and interdependent society requires shared responsibility rather than rigid separation of powers.

Institutional mechanisms play a crucial role in promoting cooperative federalism. The **Inter-State Council**, established under **Article 263**, serves as a forum for dialogue and coordination on matters of common interest between the Union and the states. Although its potential has not always been fully realized, it symbolizes the constitutional commitment to cooperative decision-making.

The introduction of the **Goods and Services Tax (GST)** marked a significant shift toward cooperative federalism in fiscal matters. The **GST Council**, a constitutional body comprising representatives from both the Union and the states, jointly determines tax rates, exemptions, and policy frameworks. This arrangement requires consensus-building and negotiation, fostering a culture of shared governance and fiscal cooperation.

Similarly, institutions such as **NITI Aayog** aim to replace centralized planning with a more collaborative model of policy formulation. By involving states in decision-making processes and encouraging best practices, such mechanisms seek to strengthen federal trust and partnership.

Cooperative federalism represents an evolving constitutional practice rather than a static principle. While tensions and disagreements persist, particularly in fiscal and administrative domains, the growing



emphasis on collaboration reflects a maturing federal system capable of adapting to contemporary governance challenges.

5. Institutional Mechanisms

The effective functioning of India's federal system depends not only on constitutional provisions but also on institutional mechanisms that facilitate cooperation, coordination, and dispute resolution between the Union and the states. Given the complexity of governance in a diverse and multi-tiered polity, these institutions play a crucial role in managing intergovernmental relations. They serve as platforms for dialogue, policy alignment, and consensus-building, thereby reducing conflicts and strengthening cooperative federalism.

Over time, India has developed several formal institutions aimed at ensuring smooth Union–State interactions. Among the most significant are the Inter-State Council, NITI Aayog, and the Goods and Services Tax Council. Each of these bodies reflects a distinct dimension of collaborative governance within the constitutional framework.

5.1 Inter-State Council

The Inter-State Council is a constitutional body established under **Article 263** of the Constitution to promote coordination and cooperation between the Union and the states. It is designed to serve as a forum for discussion on matters of common interest, particularly those that involve overlapping jurisdiction or inter-state implications. The Council is empowered to investigate and advise on disputes, recommend better policy coordination, and discuss subjects that affect Centre–State or inter-state relations.

Although the Constitution provides for the establishment of the Inter-State Council, it leaves its composition and functions largely to executive discretion. Typically chaired by the Prime Minister and comprising Chief Ministers of states and Union Territory administrators, the Council embodies the principle of participatory federalism. Its deliberative nature allows states to voice concerns and engage with the Union in a consultative setting rather than through adversarial means.

Despite its constitutional significance, the Inter-State Council has been criticized for infrequent meetings and limited operational impact. However, when utilized effectively, it has the potential to act as a vital mechanism for conflict prevention and cooperative decision-making in a federal system.



5.2 NITI Aayog

The establishment of **NITI Aayog** in 2015 marked a significant shift in India's approach to federal governance. Replacing the Planning Commission, NITI Aayog was created to promote a more decentralized, participatory, and cooperative model of development planning. Unlike its predecessor, which followed a top-down planning process, NITI Aayog emphasizes collaboration between the Union and the states in policy formulation and implementation.

NITI Aayog functions as a policy think tank rather than a financial allocation body. Its structure includes the Prime Minister as Chairperson, Chief Ministers of states, and Lieutenant Governors of Union Territories as members, ensuring state representation at the highest level of policy discourse. Through platforms such as the Governing Council and regional councils, NITI Aayog facilitates intergovernmental consultation on issues ranging from economic development to social welfare.

By encouraging best practices, innovation, and competitive yet cooperative federalism, NITI Aayog seeks to empower states while aligning national development goals. Its emphasis on evidence-based policymaking and stakeholder engagement reflects an evolving understanding of federal collaboration in contemporary governance.

5.3 GST Council

The **Goods and Services Tax (GST) Council**, established under **Article 279A**, represents one of the most significant institutional innovations in India's federal structure. It is a constitutional body comprising representatives from both the Union and state governments, tasked with making recommendations on tax rates, exemptions, and administrative procedures related to GST.

The GST Council embodies the principle of fiscal cooperative federalism. Decisions are taken through a consensus-based voting mechanism, ensuring that both the Centre and the states participate in shaping tax policy. This shared decision-making process marks a departure from earlier fiscal arrangements characterized by unilateral central control.

By integrating multiple indirect taxes into a unified tax regime, the GST Council has necessitated continuous negotiation and coordination among governments. While disagreements have arisen over revenue sharing and compensation, the Council has largely functioned as a forum for dialogue rather than confrontation, reinforcing the cooperative ethos of Indian federalism.



6. Challenges and Tensions in Union–State Relations

The constitutional framework of India establishes a federal structure that delineates powers and responsibilities between the Union and State governments. In theory, this division of authority is meant to promote cooperation, ensure balanced governance, and safeguard regional interests. However, in practice, several persistent challenges and tensions strain Union–State relations. These tensions arise due to differences in political priorities, fiscal arrangements, administrative practices, and constitutional provisions that grant extraordinary powers to the Union government. Understanding these issues is critical for assessing the health of Indian federalism and its impact on governance.

6.1 Political Centralization

One of the major sources of tension is the centralization of political authority at the national level. While the Constitution provides States with a degree of autonomy, over the decades, the Union government has increasingly exercised its influence through legislative, administrative, and financial tools. Centralization often manifests in the form of policy directives, centrally sponsored schemes, or the use of national legislation to influence state affairs. States, particularly those governed by political parties different from the ruling party at the Centre, have sometimes contested these measures, arguing that they undermine their autonomy and the spirit of federalism. For instance, the introduction of nationwide policies without adequate consultation with State governments often leads to resentment and public criticism. This tension reflects a broader debate about the balance of power between the Centre and States, highlighting the delicate nature of cooperative federalism in practice.

6.2 Fiscal Imbalance

Fiscal arrangements constitute another significant source of strain in Union–State relations. Many States remain heavily dependent on financial transfers from the Union government, including tax devolution and grants under the recommendations of the Finance Commission. While these mechanisms are designed to ensure equity and resource sharing, excessive dependence can reduce the capacity of States to independently formulate and implement policies. This fiscal imbalance limits the autonomy of States, particularly in areas such as infrastructure development, social welfare, and education, where local priorities may differ from central directives. Additionally, delays or conditionality's attached to central funding can further complicate governance at the state level. Over time, this dependence has been a source of negotiation, contention, and sometimes conflict between States and the Centre, reflecting the challenges inherent in maintaining a financially balanced federation.



6.3 Use of Article 356

The use of Article 356 of the Constitution, which allows the imposition of President's Rule in States under certain conditions, has been a recurring point of controversy. Intended as a safeguard to ensure constitutional governance, the provision has at times been criticized for political misuse. Historically, some instances of its invocation were perceived as an instrument to dismiss state governments led by opposition parties, raising concerns about democratic legitimacy and federal principles. While judicial intervention has curtailed arbitrary use to some extent, the perception of potential misuse continues to affect trust between the Union and States. The debate around Article 356 underscores the tension between the Centre's role in maintaining constitutional order and the need to respect the autonomy of democratically elected state governments.

6.4 Conflicts over Concurrent Subjects

The Constitution designates certain areas as concurrent subjects, where both the Union and State governments have legislative authority. While this arrangement is meant to encourage cooperative policymaking, it often becomes a source of disputes. Conflicts arise when State laws differ from or contradict central legislation, necessitating judicial interpretation or intervention. These disagreements can delay policy implementation, create administrative confusion, and strain political relations. Areas such as education, environmental regulation, and health frequently witness such tensions, reflecting the complexities of shared governance in a federal system.

While India's constitutional design seeks to balance power between the Centre and the States, political centralization, fiscal dependence, the potential misuse of constitutional provisions like Article 356, and disputes over concurrent subjects have repeatedly tested the resilience of Union-State relations. Addressing these challenges requires sustained dialogue, mutual respect, and reforms that strengthen cooperative federalism while safeguarding both national unity and regional autonomy.

7. Case Studies

To better understand the dynamics of Union-State relations in India, it is useful to examine specific case studies that illustrate both cooperative and contentious aspects of federalism. Two prominent examples the implementation of the Goods and Services Tax (GST) and the historical use of President's Rule highlight contrasting dimensions of this relationship. While GST demonstrates the potential of



collaborative federalism, the application of Article 356 exposes tensions that arise when constitutional provisions intersect with political power.

7.1 GST Implementation

The introduction of the Goods and Services Tax (GST) in India represents a landmark example of collaborative federalism in action. Before GST, India's indirect tax system was highly fragmented: States and the Union levied multiple taxes independently, often creating inefficiencies, legal disputes, and barriers to interstate commerce. The GST reform sought to unify this system into a single, comprehensive tax regime applicable across the country, thereby simplifying compliance and promoting economic integration.

Implementing GST required extensive negotiation between the Union and State governments to balance national economic objectives with regional interests. One of the most significant innovations was the creation of the GST Council, a constitutional body that includes the Union Finance Minister and State Finance Ministers. The Council functions on the principle of consensus, giving States substantial influence over key decisions such as tax rates, exemptions, and revenue-sharing arrangements. This ensured that all parties were invested in the success of the reform, while also fostering a culture of compromise and consultation.

GST implementation also illustrates how cooperative mechanisms can address potential disparities. To protect State revenues during the transition period, compensatory provisions were introduced, ensuring that no State faced a sudden loss of income. While technical and administrative challenges, such as digital compliance systems and capacity building, initially complicated the rollout, the collaborative approach ultimately enabled the successful nationwide adoption of GST.

The GST case highlights that when the Union and States work together through institutionalized cooperation, federalism can be a powerful driver of reform. It demonstrates that shared governance, negotiation, and respect for regional interests are critical to achieving large-scale policy objectives that benefit both the national economy and individual States.

7.2 Emergency and President's Rule

In contrast, the historical application of President's Rule in India reveals the potential for tension and conflict within the federal system. Article 356 of the Constitution grants the Union government the



authority to assume control of a State government if it is deemed unable to function in accordance with constitutional provisions. While intended as a safeguard for democratic governance, the use of this power has often sparked controversy and raised questions about the balance between central authority and State autonomy.

Between the 1960s and 1980s, President's Rule was frequently invoked in States governed by opposition parties. Critics argued that dismissals were often politically motivated rather than based on actual constitutional breakdown. For instance, the removal of non-Congress governments in Kerala, Punjab, and other States during this period generated widespread perception of political bias and undermined public confidence in the federal system. Such actions created friction between the Centre and States, highlighting the delicate balance that Indian federalism must maintain between maintaining constitutional order and respecting elected State governments.

Judicial intervention has played a crucial role in curbing the misuse of Article 356. The landmark *S. R. Bommai v. Union of India* (1994) judgment established that the imposition of President's Rule must be based on objective evidence of a constitutional breakdown and is subject to judicial review. This judgment reinforced the autonomy of States, ensuring that dismissals cannot be arbitrary or politically motivated, and introduced a framework for accountability in the application of emergency provisions.

Despite these reforms, debates over the use of Article 356 continue. Situations involving political instability, internal security crises, or administrative failure occasionally trigger discussions about its appropriateness. The challenge lies in striking a balance: the Union government has a legitimate responsibility to uphold constitutional governance, but excessive or politically motivated interventions risk undermining democratic legitimacy and federal trust. Historical patterns of President's Rule demonstrate the fragility of Union–State relations under crisis conditions, underscoring the importance of institutional safeguards, judicial oversight, and transparent decision-making.

In sum, these case studies provide contrasting lessons about Indian federalism. GST exemplifies the positive potential of cooperative federalism, where negotiation, institutional innovation, and shared responsibility lead to successful nationwide reform. In contrast, the historical use of President's Rule highlights the vulnerabilities of the federal system when central power is exercised in a manner perceived as politically motivated. Together, these examples underscore that the strength of Union–State relations in India depends on both collaborative mechanisms and effective checks on power. Understanding these



dynamics is essential for strengthening federal governance and promoting stability, trust, and democratic legitimacy across States.

8. Reforms and Future Directions

Strengthening India's federal structure requires both structural reforms and the consistent practice of cooperative governance. While the Constitution provides a robust framework for Union–State relations, practical challenges including political centralization, fiscal dependence, and the occasional misuse of emergency powers highlight the need for reforms that reinforce trust, collaboration, and accountability. A forward-looking approach to federal governance should focus on four interrelated areas: cooperative mechanisms, emergency provisions, fiscal autonomy, and institutionalized consultation.

Reinforcing Cooperative Mechanisms

One of the most effective ways to enhance Union–State relations is to strengthen cooperative mechanisms that encourage dialogue and shared decision-making. The success of initiatives like the GST Council demonstrates that institutional structures can facilitate compromise while respecting State autonomy. Expanding such councils or creating similar collaborative platforms in other policy areas, such as education, health, and infrastructure, can ensure that States have meaningful input into national policy formulation. This approach promotes consensus-building and reduces the perception that central policies are imposed unilaterally.

Ensuring Impartial Application of Emergency Provisions

The historical misuse of Article 356 illustrates the potential for tension when emergency powers are applied arbitrarily. Reforming the application of emergency provisions requires strict adherence to constitutional safeguards, judicial review, and transparent criteria for determining the need for President's Rule. Clear guidelines and accountability mechanisms can prevent political exploitation and strengthen public confidence in the federal system. Ensuring impartiality in such critical powers is essential to preserving democratic legitimacy and maintaining cooperative Union–State relations.

Enhancing Fiscal Autonomy

Fiscal dependence on central transfers limits State capacity to implement policies that reflect local priorities. Strengthening fiscal autonomy through predictable tax devolution, increased revenue-sharing, and greater access to own-source revenues would empower States to plan and execute policies more



effectively. Additionally, enhancing the transparency and timeliness of central grants can reduce administrative bottlenecks and foster a more equitable financial relationship between the Centre and States.

Promoting Regular Intergovernmental Consultation

Finally, institutionalizing regular, structured consultation between Union and State governments can prevent misunderstandings, identify emerging conflicts early, and build trust. Intergovernmental forums, annual conferences, and sector-specific working groups can facilitate communication, ensure that policy decisions reflect diverse regional perspectives, and reinforce the principles of cooperative federalism.

In conclusion, a combination of strengthened cooperative mechanisms, impartial emergency provisions, enhanced fiscal autonomy, and systematic consultation can significantly improve Union–State relations. Such reforms would not only reinforce constitutional federalism but also strengthen democratic governance, political stability, and mutual trust across the country. By addressing both structural and procedural challenges, India can build a more resilient, inclusive, and collaborative federal system for the future.

9. Conclusion

India’s constitutional design for Union–State relations embodies a unique equilibrium between unity and diversity that has evolved since independence. The Constitution grants the Centre significant authority in areas such as defence, foreign affairs, and macroeconomic policy, while simultaneously delineating powers to States over local governance and development matters. This dual structure reflects an effort to uphold national cohesion without compromising regional autonomy, a balance that has been continually tested by political, fiscal, and administrative dynamics.

Over time, cooperative federalism has gained prominence as an operational principle, especially through institutional mechanisms designed to foster consultation and mutual decision-making. Examples like the GST Council demonstrate how shared governance can reconcile national policy goals with State interests. Such mechanisms have been instrumental in generating consensus on complex economic reforms, underscoring the potential of collaborative approaches within the federal framework.

Nonetheless, persistent challenges continue to shape Union–State relations. Fiscal imbalances, characterized by greater central control over revenue sources and States’ dependence on transfers and



grants, constrain State autonomy and fuel periodic tensions. Political assertions over legislative competence and implementation authority further illustrate that federal relations are not static but responsive to changing political landscapes.

Looking forward, sustaining India's federal architecture will depend on the reaffirmation of constitutional principles, the reinforcement of institutional channels for dialogue, and reforms that enhance fiscal equity and policy cooperation. Efforts to balance central leadership with respect for State prerogatives can deepen mutual trust, improve governance outcomes, and strengthen democratic legitimacy across levels of government.

In the 21st century, the resilience of Indian federalism will hinge on evolving these structures in ways that respect diversity, enable equitable development, and embed cooperative practices within political and institutional processes.

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