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## Federalism in India: The Struggle between Centre and State Government

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### ABSTRACT

The concept of Federalism in India is a inter-relationship between the Centre and the State Government. The Indian constitution has provided the basis of a federal system of government, where power is divided between the central government and states. Nonetheless, the politics of power and autonomy has been a distinguishing characteristic of the Indian federalism that has resulted in tension and even conflict. The balance of power has been tilted towards the Centre in the course of the years especially through the application of the article 356 (President Rule), and other Constitution provisions that centralize power. This paper discusses the history of federalism in India and evolvement of the same and discusses the historical factors including political and constitutional elements that have incorporated the fight between the Centre and the States that has become a significant struggle. It explores some of the landmark sources of conflict, like conflict over financial federalism, resource distribution and making of the laws as well as the consequences on government and democratic operations. This study also examines how the transforming political environment, economic growth and emergence of regional political parties have affected the federal activities. Finally, this paper is provided the in-depth analysis of the nuances of Indian federalism, the ongoing compromise between centralization and decentralization of power and the possible changes to transform the federal balance into a more harmonious relationship.

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### Introduction



The federalism in the Indian context is a system of government where powers of the government are divided between the central and the state governments as specified in the Indian Constitution. Indian federalism model itself is unique not merely in its organization and application but also due to the deep dependence on its historical background of the colonial heritage as well as the various social-cultural origins of the nation and the value of national unity in the vast and ethnically varied country. The federalism system is spelled out as per the Constitution of India that was enacted in 1950 meaning that a portion of powers and responsibilities lie under both the Centre and States (Dash, 2007).<sup>[2]</sup> But in contrast to other federal systems, such as that of the United States, the Indian federalism is not quite as exclusively dualistic as much as in its tendency towards extremely centralization of powers. The reason is that the large heterogeneous country needs to have national unity and uniform policy. The Centre over the years has gained more powers to an extent where it has been misused to the detriment of the autonomy of the states. The struggle between the center and the state governments has been common feature of the Indian federalism which has developed changes in politics, law and constitution (Khanwalker, 2015).<sup>[7]</sup> This is even more clear in areas such as resources distribution, administration of the law, monetary autonomy and rights of the state in terms of administration of the local issues. Despite federal division of the power as envisaged in the Constitution, the Union Government stands accused of using services of adopting emergency powers (such as President rule) to accumulate powers and raising the concern that state sovereignty may be on the downward trend. The rise of regional parties has also complicated this conflict and there has been growing demands of autonomy by the state which can be resolved by developing a more federal system.

### **Objectives of the Research:**

- To learn about the history of creation and development of federalism in India.
- To examine constitutional organizations which governs relationships between Centre and State.
- To know some prime reasons of dispute and tension between the Centre and the States.
- To examine how the regional parties influence the balance of power in federalism.
- To discuss the possibilities of reform in India to establish a more balanced federal system.

### **Research Problem:**

The main research issue in the research on federalism in India is the issue of comprehension of the continuing battle between the Centre and the State Governments as to the division of power and the exercise of power. Although there is a federal structure of governance within the Constitution, the Centre



has overtime taken up more powers with the state autonomy usually becoming the victim. The imbalance further causes serious concerns in regard to the functionality of the federal system in India and its capability to address the needs of different states. The imposition of powers like Article 356 (Presidents Rule) and the centralization of financial powers has raised issues of dwindling importance of state governments in vital affairs of governance. Furthermore, regional imbalance and the increased role of regional parties have also complicated the relationship between the Centre and states and they have complicated the idea of cooperative federalism model. This study attempts to discuss how the processes of law, politics and history have influenced the relations between the Centre and the State and to what degree the federal system of India is capable of changing within the context of shifting political realities. This problem is also exacerbated by the fact that reforms are required in order to see balanced power sharing that observes national interests as well as regional self-rule.

### Review of Literature:

1. **Murali, K. (2024). Federalism and Center-State Relations. In S. Ganguly, D. Mistree, & L. Diamond (Eds.), The Troubling State of India's Democracy (pp. 119–144). University of Michigan Press:** This article explores the federalism constitutional processes in India and identifies the asymmetry powers between the Centre and States. It gives emphasis on the centralization of power in the Indian federal structure which in many cases jeopardizes the sovereignty of states. The paper talks of how certain provisions like Article 356 (President rule) have been employed to establish central domination over states thus stripping them of their autonomy. It critically examines the implications of this centralization in regards to the tensions and the conflicts that are created along the way due to this unbalance in the distribution of the powers within the federal system.
2. **Dash, S. P. (2007). INDIAN FEDERALISM & DISTRIBUTION OF RESPONSIBILITIES. The Indian Journal of Political Science, 68(4), 697–710:** This article examines the separation of role and authority between the States and the Centre as stipulated in the Indian Constitution. It lays emphasis on distributions of legislative and administrative powers and financial powers, how legislative, administrative and financial responsibilities may be shared between the two tiers of government. The research offers an in-depth examination of how these divisions have evolved over the years, some of the major provisions of the constitution and how they have then influenced the mode of governance. The paper similarly covers the issues relating to the attempts to achieve a fair distribution of powers, especially with the escalating centralization and the pressure to have greater autonomy of the state.



3. **Bagri, R. (2012). DEVELOPMENT OF INDIAN FEDERALISM & ROLE OF PRESIDENT'S RULE IN THE LIGHT OF THE S.R BOMMAI CASE (1994). *The Indian Journal of Political Science*, 73(3), 443–452:** This paper explores how India has transformed in terms of its federalism, especially with regards to the use of President Rule that is stipulated in Article 356 of the Indian Constitution. The paper discusses this use of this provision by the Centre to exercise control over the States resulting in suspension of state governments in many cases. It examines the constitutional disputes in the use of the emergency powers as well as the impacts of these acts on the federal relations. This paper critically evaluates the effects of the usage of President Rule on the tussle between the Centre and the States where the state seems to have lost autonomy.
4. **Hicks, U. (1976). Fiscal Federalism in India. *FinanzArchiv/Public Finance Analysis*, 34(2), 358–362:** This article explores the nature of fiscal federalism in India with particular focus on the fiscal power and finances division between Centre and the States. It is a critical analysis of the problems that are present in achieving balance of financial control, more so in this case with the Indian economy being varied. This research paper identifies the role of the Finance Commission on resource allocation and explains the consequences of fiscal policy on the state level of governance. The author examines the intricacies of interstate financial relations and the effects of centralization of state autonomy and provide an idea of the dynamics in the fiscal federal system since independence.
5. **Varada, R. (2015). REGIONAL IDENTITIES-A CHALLENGE TO INDIAN FEDERALISM-SPECIAL REFERENCE TO NORTH EAST INDIA. *The Indian Journal of Political Science*, 76(3), 442–446:** This paper discusses how the issue of regional identity challenges Indian federalism with a specific reference to states such as the North East. It addresses how the recognition of regional identities has given rise to increasing demands of increased autonomy and political authority on the state level. The paper also underlines the complications that these regional movements bring to the federal system, as they want to have more authority over local administration, resources and cultural protection. In the paper, the effects of these demands on Centre-State relationships and power distributions under the Indian federal system have been seriously examined and it is supposed that governance requires a greater involvement and accommodation than before.

### Research Gap:

The literature presented in the existing papers on Indian federalism is helpful to understand the constitutional processes and dynamic fiscal issues of Center-State relations as well as the challenges of regional autonomy. Nevertheless, there are a number of gaps in the existing studies that need additional



investigation. Although most authors dwell on the centralization of power, particularly the recent trend of employing the President Rule with Article 356, the socio-political effect of such centralization on state sovereignty is not thoroughly investigated on a long-term basis. There is not much study done on the way these tensions have changed under the circumstances that come with emerging regional parties and changing political environment. Further, despite the fact that fiscal federalism has been a topic of heightened debate, it has not been well examined whether the Finance Commission has been effective in levelling gaps in the distribution of resources between the Centre and States. In addition, although regional identity movements have been discussed especially in the North East, the effects of these movements on national integration and their interaction with centralization requirements require a more detailed study. Lack of comparative studies between India and other federal systems to know the nuances of the federal structure is also evident. Moreover, the impact of technological innovations and economic changes as conditioning the processes of federalism has not been considered to a great extent. The literature has been mainly inclined towards constitutional and legal approach leaving a blank of considering socio-cultural and grass-roots level impact of federalism on governance and statehood requirements.

### **Research Questions:**

Q-1. What has been the impact on state government autonomy of the centralization of power in India in practice?

Q-2. What are the effects of President Rule on the long-term political and economic stability of states?

Q-3. What is the effectiveness of Finance Commission in containing fiscal imbalances between the States and the Centre?

Q-4. How do regional identity movements disrupt the balance in the Indian federalism?

Q-5. What role is played by emerging political parties as far as the Centre-State relationship is concerned in contemporary Indian federalism?

### **Research Methodology:**

The methodology used in this research is qualitative secondary source type focusing on the existing literature, scholarly articles, books and constitutional documents. The first method is to be a thorough literature search based on the topic of Indian federalism, Centre-State relations, fiscal dynamics and



regional autonomy. Secondary sources like journal articles, case studies and scholarly books are used to find major themes, controversies and loopholes on the current knowledge on the topic. The analysis part of the study is following a content analysis approach to analyzing the argumentation of the literature, whereby different viewpoints on centralization, resource allocation and influence of regional identity movements is identified. Moreover, provisions in the constitution, including Articles 356 and 368 is evaluated to determine their contribution to the morphing of federal dynamics. A comparative study of the concept of federalism in India with other models where the comparison is possible to bring out the uniqueness and the issues with the Indian model is also be done as part of the study.

### *1. Impact of Article 356 and Central Control on the powers of State:*

The article 356 of the Indian constitution that authorizes the imposition of President Rule on any state is a controversial feature of the federal nature of India. Although initially, it was specified to be applied as an emergency measure to preserve governance in case of a constitutional meltdown in a state, it's reoccurring and in certain cases politically driven application has brought into stark reality the issue of state autonomy being lost (Bagri, 2012). <sup>[1]</sup> Article 356 was widely used over the years, particularly in the era of one party rule in the Congress era, to order the dismissal of elected governments in states which politically were against the Centre. Despite the stringent provisions imposed by landmark judgment of the Supreme Court in the S.R. Bommai case (1994) on its application, there are still concerns over the paramount or overriding powers of the Centre. This trend of centralization affects the balance of power such that federalism in India becomes more unitary in practice. States which are governed by opposition parties have frequently complained that such provision is abused to suppress disgruntled voices and local autonomy. The effects of such interventions are not limited to changes in political climate in the short term but include damage to the trust states have in the federal process and to the principles of cooperative federalism (Gani, 1991). <sup>[3]</sup> It affects the trust of voters in democratic institutions as well. Article 356 is still manipulated as the tool of political manipulate even despite reforms. This fundamental control must be researched to understand the transformation through which the soul of federalism in India is changing due to this fundamental control and its impact on the democratic decentralization and governance at the state level.

### *2. Changes in Centre-State Relations Due to Growing Regional Parties:*

The emergence and the growth of the regional parties has also influenced strongly the Centre-State relations in India. The emergence of regional parties has decentralized political power as opposed to the



previous decades where national parties such as the Indian National Congress or the BJP dominated most of the states. Parties such as the DMK in Tamil Nadu, TMC in West Bengal, BJD in Odisha and others have been instrumental in the state politics, demanding and stressing regional interests and striving to create a more leveled federal system (Khanwalker, 2015).<sup>[7]</sup> This political decentralization has brought about both negative and positive results. On the other hand, it has enabled states to demand more autonomy and accommodate the needs of the area more effectively, encouraging democratic representation and local growth. Conversely, it has also caused more strains between the Centre and States as when the regional governments are opposed to the central schemes or when the national policies are questioned by the regional governments. Policy-making has also been affected by the changing party system (Singh, 2003).<sup>[9]</sup> The bargaining power of regional parties was high due to the coalition governments at the Centre, particularly throughout the 1990s and early 2000s. The regional parties are still fighting against policies that they feel will be detrimental to the states even in this current era where central powers have taken heavy control in leadership. The increasing political activism of these parties has helped them shake the long-established top-down practices in governance in favor of the more negotiation-oriented federalism. This political transformation in its full context is necessary to analyze the best way its manifestation in practice is changing Indian federalism and how political competition is influencing inter-governmental relations.

### *3. Role of the Finance Commission in Fair Money Distribution between Centre and States:*

The fiscal federalism plays an important role in a federal system and in India the Finance Commission that is the constitutional body vested with the responsibility of giving its recommendations as to how the financial resources are to be shared between the Centre and the States. Despite the fact that its aim is to ensure equity and balance in distribution of resources, there still arises question as to whether this has been able to fairly cater to the financial needs of all states, particularly those that are economically weak or have some special needs (Singh, 2014).<sup>[10]</sup> The formula applied by the Finance Commission takes account of such factors as population, income distance, area and fiscal discipline among others. Nonetheless, other states claim that such formulas are usually biased towards highly populated or developed states leaving other underprivileged regions with little to off to them. Moreover, the Centre holds discretionary powers in grants and centrally sponsored schemes and such schemes tend to override the priorities of states and strengthen central control over fiscal issues. The other issue is that, implementation of recommendations is not transparent. Although the distribution pattern is proposed by the Finance Commission, actual allocation is always politically oriented sometimes particularly where



there are states whose government is led by parties other than the Centre. In addition, there has been a recent increase in the trend of shift in collection of cess and surcharges by the Centre (not being shared with the states) and this has lowered the quantum of divisible taxes further worsening the fiscal status of states (Jenkins, 2003).<sup>[6]</sup> The performance of the Finance Commission regarding the task of fiscal equity and cooperative federalism is understudied, in spite of it being an important institution. There is a need to study it quite thoroughly in order to assess its functions, its restrictions and the influence that it has on inter-governmental financial relations in India.

#### *4. Effect of Regional Identity Movements on National Unity and Central Authority:*

The diversity of India has led to the emergence of some regional identity movements. The movements that emerged due to Gorkhaland in west Bengal and Bodoland in Assam, the more established movements in the North East and Jammu and Kashmir hark back to traditional patterns of the central authority and beg the more difficult question of what Indian federalism is and how it works. The factors that can cause regional identity movements to emerge can be the feeling of neglect by the Centre, economic underdevelopment or the attempts to keep cultural distinctiveness (Huma, 2015).<sup>[5]</sup> Whereas some of them have resulted in peaceful talks and creation of new states (as in the case of Telangana), others have been marked with violence and long periods of political agitation. These movements are not only seeking administrative changes but also challenging the extent of the autonomy permitted to the Indian union. The reaction of the Centre to these movements has mostly been balancing between granting at least parts of demands in some cases and employing force or lawful restraint in others (Hicks, 1976).<sup>[4]</sup> This ad hoc practice sheds light on the thin line between securing the integrity of a country and accommodating territorial interests. In many cases, the drive towards centralization in such movements, either by enforcing strict legislation, military force or replacement of state governments has given rise to alienation and distrust among the populations involved. Although the role of regional identity movements in national integration is a fundamental debate relating to the concepts of federalism, its long term influence is not comprehensively discussed in scholarly literature. On this part more insight is required to evaluate the interaction between such movements and the federal organizations as well as how India can support unity without neglecting regional diversity.

#### **5. Lack of Focus on Culture, Local Issues and Technology in Federalism Studies:**

Most of the available literature on Indian federalism has a tendency to lay much emphasis on legal, constitutional and political dimensions. The socio-cultural aspects, grassroots-level participating



experiences as well as the use of technology in the constitution of the federal relationships have not been fully discussed. Federalism is more than a mere top-to-bottom administrative structure since it has a profound impact on the day-to-day lives of people and so has been the case with a culturally diverse nation like India. The effectiveness of governance is influenced in many ways like cultural identities, local customs, language politics, social stratification etc. In this regard, as an example, the administration of regional languages, the presence of local leadership and the interactions between state governments and panchayati raj institutions are an important factor of the practice of federalism on the grassroots level (Raju, 1988).<sup>[8]</sup> In addition, the interaction between the Centre and the States is also changing through technological innovations, particularly in the field of digital governance, the e-governance portal as well as direct benefit transfer. Technology brought more transparency and efficiency but also gave rise to new issues associated with the control of the data, digital infrastructure and consistency in policies. These shifts affect how the federal government cooperates, in particular areas such as health, education and disaster response (Sofi, 2015).<sup>[11]</sup> These social, cultural and technological forces are the factors that should be holistically studied to get a grasp on the changed relationship between the Centre and the States in the 21st century. By filling this gap, policymakers will be in a better position to develop more comprehensive and functional federal structures that are more captivating to the real world of governance.

### **Research Findings:**

The results of this study reveal that Indian federalism experienced a massive concentration of power that usually compromised state governments autonomy. The Centre has repeatedly used constitutional provisions especially Article 356 (President Rule) to exert dominance on states especially when they lack political stability. This centralization has led to unequal power distribution where the states have lost a lot of influence in how the local entities are governed. Another finding of the study is the existence of constantly occurring fiscal imbalances where the Centre had a large influence on financial policies. The Finance Commission tries to help in the distribution of resources but the states, especially those in the underprivileged areas, need to struggle in the inflow of sufficient funds to be used in the development works and welfare schemes. In addition, the regional identity movements, particularly in states such as the North East, have brought to fore the shortcomings of the federal framework of India. These movements call out for more autonomy, which undermines the authority of Centre and illuminates the problem of inefficiencies in accommodating diversity in regions. Moreover, these tensions have been increased by the emergence of regional political parties that tend to demand greater power at the state



level, creating greater political tension. In general, these findings indicate that the federal system used in India needs significant changes to make it a more harmonious distribution of power and resources both with the matter of state autonomy and regional aspirations.

### Conclusion:

In conclusion, we can say that the analysis of federalism in India shows that there is a complicated and dynamic one between the Centre and the States with a lot of problems emerging due to centralization of power, fiscal issues and regional aspirations on the need to gain autonomy. Although the Indian constitution has laid out a federal form of government, there has been a greater concentration of power by the Centre, which has affected state autonomy in a number of issues. The constant appeals to Article 356 which provides President's rule, is an example of how the central government has moved to consolidate its authority over state governments causing a fear of loss of state sovereignty. The other issue that has been of primary concern is fiscal federalism whereby the Centre has significant control over the financial resources leaving the states especially in regions that are not economically strong in a position to sustain their governance needs. Also, there is an awakening of the regional identity movements that have identified the necessity of having a more inclusive and malleable federal system that can adapt to the varying cultural, political and economic relativities. The emergence of regional political parties has also added another dimension to the Centre-State relationship which now seeks a more decentralized, autonomous system of government. Finally, this paper has highlighted that a reform is necessary to change into a more balanced federal system that does not just appreciate the unity of the nation but also the regional diversities. This type of reforms is essential in the process of achieving good governance, equitable distribution of resource and protection of regional identities within a rapidly changing political landscape.

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