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Prasanna S,

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No. 08, Arul Nagar, Seera Thoppu,

Maudhanda Kurichi, Srirangam,

Tiruchirappalli – 620102

Phone : +91 94896 71437 - info@iledu.in / Chairman@iledu.in



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VARIOUS MODELS OF FEDERALISM & ITS DEVELOPMENT IN INDIA : AN ANALYSIS

Authors: Pratibha Sahu, Student of CHRIST (Deemed To Be University) Bangalore.

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ABSTRACT

The present research paper aims at studying and describing the system and process of federalism in India. This paper further aims to explain their efficiency in terms of how well they work in tandem with India's nation building and state formation initiatives. The fundamental tenet of Indian government is federalism. The concept of Indian federalism is dynamic. Over the years, it has transformed into a parliamentary system in its most recent iteration. The evolution and transformation of Indian federalism over several decades has given rise to two major concepts and forms of federalism, those are co-operative federalism and competitive federalism which are also incorporated in the Constitution of India. Examining and analysing the effectiveness of these two is the central point of focus of this research paper. Therefore, in this research paper, we will be examining Indian system of federalism with special reference to two of its important forms that is **co-operative federalism** and competitive federalism and their effectiveness in terms of building healthy co-relation between the Centre the state and vice-versa and also between states and states. This research article is also an attempt to sum up the debate on whether it's to co-operative federalism or competitive federalism that is most compatible for Indian Centre-state relation reform and nation building, growth and development in whole.

Keywords - Federalism, Co-operative federalism, Competitive federalism, Indian federalism, Centre-state.

INTRODUCTION:

Federalism is a sophisticated system for governing a nation, particularly India, which is renowned for its size and diversity. The norms governing the division of legislative, administrative, and fiscal authority between the Centre and the State are upheld by this type of government. Through his publications, Professor K.C. Wheare stated that the "federal principle" is a technique of dividing powers such that the national and local governments are each within a sphere, coordinated, and independent.⁶⁰⁸ The growth of the ideas of Cooperative and Competitive Federalism, respectively, is based on the terms "co-ordinate and independent."

Indian federalism, which was established by the Constitution of 1950, serves the second-largest population in the world, which is made up of an unmatched variety of cultures, faiths, languages, and ethnicities. The British Government of India Act, 1935 provided the framework for the initial federal design of 1950, and the concept of centralised planned development served as its inspiration.

The Union of India is permanent and indestructible under the Indian Constitution, which has federalism as one of its fundamental principles. Both the Centre and the States are cooperating, coordinating, independent organisations, and they should exercise their respective authority in a way that is respectful to, understandable of, and mutually agreeable to one another. Federalism is characterised by tension and conflict between the interests of the federal government and its constituent units. Conflict management is required, both in terms of prevention and resolution. India's federalism was therefore designed with a strong central government. Given that some regions of India

⁶⁰⁸ 1 K.C. Wheare - Federal Government, Pg. 27 (1963); Jennings- Some Characteristics of the Indian Constitution, Pg.1

were far behind others in terms of both economic development and industrialization, federalism with a strong central government was unavoidable when the Indian Constitution was written.

The Latin term "Foedus" (a treaty, agreement, or covenant) is the source of the word "federalism," which signifies a federation. Therefore, federalism is an agreement between the federal government and state governments regarding the division and allotment of legislative and executive powers among themselves. Because there is not a complete concentration of power less than one government, the federal structure is characterised by it. As a result of multiple tiers of governance, the government's power decentralised.

The Constitution assigns autonomous realms to both the national and federating entities, and it is within this sovereign authority that both the national and local governments obtain their power.⁶⁰⁹

A key component of federalism is the tension and conflict between the interests of the Center and the many units. It's important to prevent conflicts as well as resolve them. So, a strong Center was incorporated into the design of Indian federalism. The Indian Constitution's authors knew there were economic inequalities because some regions of the country lagged behind others in terms of both the economy and the industrial sector. As a result, federalism with a strong center was unavoidable. In addition to ensuring that everyone's basic necessities are met and the country's economy remains intact, the nation was dedicated to a socioeconomic revolution that would fundamentally alter Indian society's structure in line with egalitarian principles. These factors were taken into account when creating the

constitution, which created a strong Union for India.

Although the word "federal" is not included in the constitution, the structure of how Indian democracy operates is fundamentally federal. However, the idea of cooperative federalism and competitive federalism was introduced to India through the actual working style of federalism. The embrace of "quasi-federalism" from the country's establishment as an independent nation is what gave rise to the cooperative and competitive federalism model in the nation.

A horizontal connection between the Center and the State is denoted by cooperative federalism. In order to further the greater public interest, the two organisations work together and address problems that they both face. On the other hand, competitive federalism claims a vertical link between the states and the federal government while allowing for intrastate competition. Despite appearing to be at odds with one another, cooperative and competitive federalism share the same goal of promoting the nation's prosperity and economic progress in a fair and just way.

The concept of cooperative federalism was the only one included in our Constitution when it was first written, and it was implemented through institutions like the Inter-state council, Zonal council, and 7th schedule. However, over time, the necessity for competitive capitalism emerged as States battled to draw capital and investment in order to facilitate and boost economic activity and increase administrative efficiency. By fostering healthy rivalry among governments while building physical and social infrastructure, it ensures minimal waste and maximum resource use.

FEDERALISM AND THE CONSTITUTION OF INDIA:

A federated form of governance is one in which the states join together and cede some of their

⁶⁰⁹ Drishti IAS, Cooperative and Competitive Federalism in India, (19 June 2019).

jurisdiction to a central body.⁶¹⁰ Federalism is a system of governance where the sovereign authority of political power is distributed among the numerous component units. The term "federation" or "federal state" is also used to describe this type of government in informal contexts. These divisions include the federal government, the states, and the local governments, or panchayats. Additionally known as the union and the center. Indian federalism, which is governed by the Constitution of 1950, provides for the country's second-largest population, which is made up of an unmatched variety of cultures, faiths, languages, and ethnicities. The British Government of India Act, 1935 provided the framework for the first federal design of 1950, which also took centrally planned development as its point of inspiration.⁶¹¹

The Indian Constitution's Part XI⁶¹² discusses how the legislative, administrative, and executive branches are divided into these three different areas of authority. Although the Indian constitution nowhere explicitly states that India is a federation, federalism is the fundamental element of the Indian constitution. But India is not a "federation of states," according to Article 1 of the Indian Constitution, but rather a "union of states."

India thus serves as an illustration of a "keeping together federation," in which a vast country decides to divide its authority between the union and the states. A "coming together federation" is when a small number of adjacent provincial entities willingly join forces to form a powerful union.

Three lists of different pieces of legislation are listed in Schedule VII of the Indian Constitution. The Union List is the only place where legislation can be passed solely by Parliament or the Central Government. With 100 entries, it is the

longest list and covers topics including citizenship, foreign affairs, atomic energy, military affairs, and the use of weapons and ammunition. The 61 items on the State List provide the States sole authority to enact laws pertaining to things like maintaining a police force, maintaining local law and order, providing for the needs of citizens, zoning regulations, village administration, etc. The Parliament may also intervene under this list in certain circumstances. Last but not least, there is the Concurrent List, which gives both the Union and the States the authority to pass laws on issues like marriage and divorce, agricultural land, education, etc. The parliamentary legislation shall prevail over other laws on these topics in the event of a dispute.⁶¹³

The implementation of the federalism model in India is supported by a number of aspects of the Indian Constitution. As indicated below, these are mentioned in a number of articles:

- The Constitution's articles 245 to 255 deal with the division of legislative authority, whereas articles 256 to 261⁶¹⁴ address the division of administrative authority. One of the main goals of federalism is the decentralisation of authority between the federal government and the states. However, the Panchayats and Municipalities, which were established as the third tier of government in December 1992, as a result of the 73rd and 74th Constitutional Amendments. These municipal organisations were governed under the Constitution's Part IX and IXA. Local self-governance was subsequently established in both rural and urban India as a result of these modifications. Now that India had three levels of

⁶¹⁰ Cambridge Dictionary

⁶¹¹ Douglas V. Verney, "Emerging Federal Processes in India," *The Journal of Federalism* p. 33 (fall of 2003)

⁶¹² India Constitution, 1950

⁶¹³ M P Jain, *Indian Constitutional Law*, (LexiNexis, New Delhi, 8th edn., 2018).

⁶¹⁴ *The Relations between the Union and the States are covered in Part XI; Chapter I of this part covers the Legislative Relations and the allocation of Legislative Powers, while Chapter II covers the Administrative Relations between the Union and the States. The numerous clauses of the constitution can be used to determine how the Union and the States are divided into equal power bases. Also included in the constitution is a mechanism for resolving their disagreements.*

government, it is thought that it is a novel sort of federation that is unfamiliar to other nations that follow the federalism model.⁶¹⁵

- Independent executive staffs that are subordinate to the respective governments serve the Union and the States. Except in cases where presidential rule has been proclaimed in a State, the union government cannot supersede the constitutional rights and powers of a state government in legislative or administrative matters.
- Article 252 whereby Parliament can legislate over state matters on the request of two or more states.
- Provision of the revenue distribution between the Union and the States stipulated in Article (268-A to 271)
- Provision of Grants in Aid under Article 282 etc

COOPERATIVE FEDERALISM:

“Ultimate object being the same, Union and states must function on mutually complementary and cooperative basis and they should feel that they are equal partners in the great adventure of national reconstruction and development.”⁶¹⁶

– Justice Ramakrishna Hegde

Cooperative federalism is a paradigm of intergovernmental relations that acknowledges the fact that the national and state governments' roles often overlap. The dual federalism model, which holds that the national and state governments have independent and distinct governmental tasks, can be contrasted with this one.

Cooperative federalism, in general, emphasises that political power is not centralised at any

⁶¹⁵ Sonkusare, Yojana, *Model of Cooperative and Competitive Federalism in India: The Goods and Services Tax Law, Challenges in the 21st Century and the Way Forward* (August 26, 2022).

⁶¹⁶ Krishna Iyer, *Constitutional Miscellany*, 68, (2nd Edition, Eastern Book Company, 2003)

level of government or in any institution. Instead, power is shared between the federal and state governments. For instance, state and federal bureaucracies typically work together to implement governmental programmes. Due to the division of duties among the several levels of government, there are numerous avenues through which organised interests and the general public can influence public policy.

In a horizontal arrangement when both the Center and the States work together for the benefit of the public, this is referred to as cooperative federalism. In the areas listed in Schedule VII of the Constitution, both the Union and the States must work together. The Constitution's fundamental structure includes a sort of federalism that guarantees the States' active involvement in the formulation and execution of federal laws.⁶¹⁷

Micro-attributes are taken into account in a bottom-up manner, and both the federal government and the state cooperate to promote growth at the local level. With the implementation of the Goods and Services Tax in recent years, the idea of cooperative federalism has gained more traction (GST).⁶¹⁸

Cooperative federalism, according to Birch, is distinguished by:

“ . . . the practice of administrative cooperation between general and regional governments, the partial dependence of the regional governments upon payments from the general governments, and the fact that the general governments, by the use of conditional grants, frequently promote developments in matters

⁶¹⁷ Sonkusare, Yojana, *Model of Cooperative and Competitive Federalism in India: The Goods and Services Tax Law, Challenges in the 21st Century and the Way Forward* (August 26, 2022).
SSRN: <https://ssrn.com/abstract=4201328> or <http://dx.doi.org/10.2139/ssrn.4201328>

⁶¹⁸ Sonkusare, Yojana, *Model of Cooperative and Competitive Federalism in India: The Goods and Services Tax Law, Challenges in the 21st Century and the Way Forward* (August 26, 2022).
SSRN: <https://ssrn.com/abstract=4201328> or <http://dx.doi.org/10.2139/ssrn.4201328>

which are constitutionally assigned to the regions."⁶¹⁹

This idea of cooperative federalism is obviously distinct from the one that prevailed at the time the federal systems of the United States and Australia were established and gave rise to Dr. Wheare's definition of federalism:

'The general and regional governments of a country shall be independent each of the other within its sphere.'⁶²⁰

Granville Austin promotes the idea of "Cooperative federalism" in India. He further advocates that although cooperative federalism results in a powerful central, or general, government, it is not always followed by provincial governments that are weak and serve primarily as administrative hubs for the federal government's objectives. This is what Indian federalism has shown.⁶²¹

Therefore, cooperative federalism is a theory that describes how the federal government and the states work together to solve problems that affect both of them. The various level of government work together to support the growth of the nation through cooperative and collaborative efforts. It represents the union's horizontal relationship with the states, showing that no one state is more important than the others. The interstate council, zonal council, and 7th schedule are just a few of the institutions the Indian constitution has included to help with this engagement between the federal government and the states.⁶²²

WHERE COOPERATIVE FEDERALISM BEGAN, DEVELOPED, AND EVOLVED:

The Indian subcontinent has been ruled by kingdoms or empires since antiquity, with a

central policy of non-interference in local affairs. Due to their extreme differences, the people of the subcontinent could only be united into a single empire if no effort was made to impose a set of shared beliefs. Akbar, the invading conqueror, valued the diversity of the subcontinent and governed with a cooperative federalist philosophy.⁶²³

Cooperative federalism was sown by the Regulation Act of 1773, which established a framework in which the British Government supervised (regulated) the East India Company but did not take control of it.

The Governance of India Act, 1919 created a dual system of governance known as "dyarchy," which established a federated, if unsteady, India. The Simon Commission, also known as the Indian Statutory Commission, claims that the committee's report argued for the abolition of the diarchy and an expansion of the autonomy of the provinces through the establishment of representative government in each.

Jawaharlal Nehru reiterated in the Objectives Resolution of December 13, 1946, that "all power and authority of Sovereign and Independent India, its constituent parts and governing bodies, are derived from the people," and that there should be some uniformity in the national government apparatus and machinery.⁶²⁴

When the constitution was enacted in 1950, political heavyweights Jawaharlal Nehru, who served as prime minister of India and was also the chairman of the drafting committee, and Dr. B. R. Ambedkar supported a unified framework. The Sardar Vallabh Bhai Patel supported the federal system and helped the Constitution's federal system provisions become law.⁶²⁵

⁶¹⁹ A. H. Birch, *Federalism, Finance, and Social Legislation in Canada, Australia, and the United States*, p. 306 (March, 1956)

⁶²⁰ K. C. Wheare, *Federal Government*, p. 97 (1949)

⁶²¹ Granville Austin, *The Indian Constitution: Cornerstone Of A Nation*, p. 187 (1966)

⁶²² Rekha Saxena, *New Dimensions in Federal Discourse in India* (Routledge, New Delhi, 1st edn., 2020).

⁶²³ Aakshi Gupta et al., *Cooperative And Competitive Federalism In India: An Analysis*, Researchgate, (August, 2022)

⁶²⁴ Constituent Assembly of India Debates (Proceedings) - Volume I

⁶²⁵ Aakshi Gupta et al., *Cooperative And Competitive Federalism In India: An Analysis*, Researchgate, (August, 2022)

As a result, the relationship between the central government and the states is only briefly described in a few provisions of the Indian constitution. They are as follows:

- **The Seventh Schedule:**

The Indian Constitution's seventh schedule, which is a list of items included as an annexure, assigns the power to legislate to both the national and state governments. It clearly exemplifies the cooperative federalism ethos and is organised into three lists: the Union list, the State list, and the Concurrent list.⁶²⁶

To encourage collaboration and cooperation between the Center – States, numerous other statutory institutions have been established. Among them, a few notable organisations are:

- University Grant Commission
- Damodar Valley Cooperation
- Consultative Committee on Drugs
- **All India Services:**

The core administrative infrastructure of India is provided by All India Services, this is another distinctive characteristic of cooperative federalism. Through these services, the current administration of India is able to develop and carry out welfare programmes, development initiatives, and ensure the efficient operation of local government apparatus.⁶²⁷

- **Full Faith And Credit Clause:**

Public acts, written records, and legal proceedings are all covered by Article 261⁶²⁸ of the constitution of India. A public act is a law that has an impact on the topics of general interest. The courts give such legislation judicial notice. The trust and collaboration between the

federal government and the states will be strengthened by taking this important step.⁶²⁹

Over India's vast area, the full faith and credit clause fosters cohesion and solidarity. Both national solidarity and a sense of belonging are fostered. It encourages cooperation between the federal government and the states and gives all government projects due credit.

- **Inter-State Council:**

The Sarkaria Commission strongly encouraged the formation of this inter-state council. According to Article 263 of the Indian Constitution, the President of India may order the creation of an Inter-State Council if he determines that doing so would be in the public interest. In addition to Article 131 of the Indian Constitution, which deals with legal issues between governments, such as those between the Center and State, State and State, or the Center and States, etc., the Council is intended to be an advising body without the power to make binding decisions.⁶³⁰ The council works to encourage both vertical and horizontal intergovernmental coordination.⁶³¹

In the case of *Dabur India Limited v. State of Uttar Pradesh*⁶³², the Hon. Supreme Court "supported the institution of a council under Article 263 to assess and resolve central state tax problems."

- **Zonal council:**

Zonal Councils were established in India under the State Reorganization Act of 1956 as a bridge between the Center and the States. At the time of the States' reorganisation on a linguistic basis, which threatened the country's unity, a great deal of heat and passion was generated in the nation. As a result, Zonal Councils were established as tools for interstate consultation

⁶²⁶ M.P. Jain, *Indian Constitutional Law* 214 (LexisNexis, New Delhi, 8th edn., 2018).

⁶²⁷ India Constitution, Art. 312(2),

⁶²⁸ INDIA CONST. Art.261, cl. 2

⁶²⁹ Aakshi Gupta et al., *Cooperative And Competitive Federalism In India: An Analysis*, Researchgate, (August, 2022)

⁶³⁰ *In ref. on Berubari*, AIR 1960 SC 845

⁶³¹ S. Mohd. Ibrahim Hadhee v. State of Madras, (1968) 21 STC 378

⁶³² AIR 1990 SC 1814.

and collaboration, primarily in the socioeconomic sector, as well as to stop the spread of disagreements and particularistic inclinations among the several States.⁶³³

Examining How The Cooperative Federalism Principle Operates:

The Apex Court cited "Granville Austin" when it stated in *State of Rajasthan v. Union of India*⁶³⁴ that "the Indian Constitution was arguably the first constituent body to adopt from the start what 'A.H. Birch' and others have termed as Cooperative Federalism." However, it would be intriguing to learn whether or not the Indian political system genuinely adheres to the cooperative federalism principle. According to historical evidence, members of the Union Government have consistently attempted to overthrow validly elected state administrations that belong to parties other than the Centre.

The founding fathers of the Indian Constitution made it quite plain that they had no intention of ever disobeying the concepts of cooperative federalism. In spite of Ambedkar's protestations⁶³⁵ in this regard, our political leaders have often abused the Constitution's provision without realising that doing so would only weaken the federal system's features. Far from being a dead letter, the central government's ability to overrule the states took on a weighty presence that put a pall over ties between the centre and the states.

Investigations have been done into the problems that cooperative federalism in India has faced. Some of them are as follows:

- The Interstate Council is meant to be a venue for interstate cooperation and dialogue, as mentioned in article 263 of the Constitution. However, it has not been given the authority to look into and offer guidance on interstate matters.

Only topics that everyone is interested in may be discussed and ideas created. It has yet to reach its full potential and meets infrequently.

- Despite numerous hearings and rulings, many cases that reached article 262, which deals with interstate water disputes, were unable to be resolved. Both structural and procedural shortcomings may contribute to this failing. The lack of enforceability of tribunal rulings, the nonbinding nature of River Boards' recommendations, and the use of Ad hoc tribunals rather than permanent ones are structural flaws that have allowed for the politicisation of the situation and ultimately resulted in judicial review of the case.
- To ensure that States are given more power in line with the increased financial transfers typical of cooperative federalism, the 7th Schedule⁶³⁶ needs to be reformulated.
- The Rajya Sabha's equal state participation is another setback for cooperative federalism.
- The establishment of Niti Aayog has also drawn criticism of the Modi administration. Although Niti aayog was created with the intention of fostering cooperative federalism, if we examine its structure and operation, we find that it has several flaws. There is no clear definition of the Niti Aayog's role or authority.
- Another issue that threatens the strength of the center-state relationship is the governor issue. The fact that governors selected by the previous party were asked to resign as soon as the political party at the centre changed is clear as day. Politics shouldn't be a factor in the appointment of a governor⁶³⁷.
- State legislation that is awaiting the President's assent should be dealt of as

⁶³³ Lok Sabha Debates, 1955, Vol. 1(India)

⁶³⁴ AIR 1977 SC 1361.

⁶³⁵ Constituent Assembly debate, August 04, 1949

⁶³⁶ INDIA CONST., 1950

⁶³⁷ INDIA CONST., art. 155 &156 cl. 1

soon as feasible. As a result, the nation's development is hampered, which ultimately harms Center-State collaboration.⁶³⁸

Competitive Federalism:

According to the idea of competitive federalism, the federal government and the states compete with one another and the centre. Specifically, it refers to interactions between regional governments (horizontal rivalry) and between central and regional governments (vertical competition). Competitive federalism is an executive decision and not a fundamental component of the Constitution's core framework. This system of federalism promotes growth at both the regional and federal levels while ensuring healthy competition.⁶³⁹ States only carry out the policies set forth by the Centre under the top-down methodology.

In this case, as states typically compete with one another to seek funding, the Centre government's role is limited to setting the rules for this type of free market. Depending on how the previously allotted funds were used, the Union government distributes money to the states. As a result, money and investments flow more freely to states that have made the best use of previously allotted monies, both from the federal government and private investors.

Thus, the states and the federal government now compete with one another rather than just working together. Some smart cities are chosen through open bidding to promote growth and development. Additionally, the 15th financial commission will develop an index to assess each state's performance separately, and funding will be distributed to the states in accordance with their performance.⁶⁴⁰

Following the economic changes of the 1990s, this idea gained popularity. There was increased competition between the states for the scarce resources as India opened its doors to globalisation. This led to the disparities and imbalances between the states. But in recent years, competitive federalism has developed into a powerful weapon for boosting the economic growth of the individual states. As it pursues healthy competition to enhance the state's physical and social infrastructure, this system ensures minimal resource waste and maximum resource utilisation. The business community supports competitive federalism because it will lead to additional future investment destinations since robust competition among states will exist. It should ultimately result in substantial economic growth and job creation.

Analysing The Role of Competitive Federalism in Indian Political System:

The Indian Constitution's fundamental framework excludes competitive federalism. There are no statutory or codified regulations governing this because it is an executive decision. In some way, it also manifests itself in our business practises, implementation procedures, and policies.

Indian governments are being pressured by the idea of competitive federalism to take action that will simplify doing business in their state and expedite outstanding project clearances. Several governments have increased their efforts to streamline processes in order to draw more investment for state growth. For instance, the Gujarat Vibrant Summit was completely dedicated to luring investment for development from other developing nations, and it can be seen how Andhra Pradesh has recently loosened its investment regulations in an effort to draw in as much foreign investment as possible. In light of this idea, every state is free to look for investments, money for its development, and to engage in competition with other states.

⁶³⁸ Astha Saxena & Saloni Modi, COOPERATIVE AND COMPETITIVE FEDERALISM: RELEVANCE IN INDIA'S CURRENT SCENARIO, vol. 3, South Asian Law Review Journal (SALRJ), p.55, p.61, (2017)

⁶³⁹ Drishti IAS, Cooperative and Competitive Federalism in India, 19 June 2019

⁶⁴⁰ Aakshi Gupta et al., *Cooperative And Competitive Federalism In India: An Analysis*, Researchgate, (August, 2022)

States are making efforts to improve the modern era's standard of living and business accessibility. In addition to other areas, they are taking action in the administrative and health fields. For instance, state-sponsored farmer support programmes like the PM Kisan Yojana coexist with the Telangana Rythu Bandhu plan and the Orissa KALIA (Krushak Assistance for Livelihood and Income Augmentation) scheme.⁶⁴¹

Competitive Federalism is therefore the relationship between two or more states (rather than between the union and the state) in terms of trade, investment, and commerce. In this type of free market, the central government is solely responsible for establishing the laws because, in general, states compete with one another to draw money and investment, which facilitates and strengthens developmental activities. A developed state is always the investors' first goal. Depending on how the previously allotted funds were used, the Union government distributes money to the states. As a result, money and investments flow more freely to states that have made the best use of previously allotted monies, both from the federal government and private investors. Thus, competitive federalism provides minimal resource waste and maximum resource use while pursuing healthy competition to advance the state's physical and social infrastructure. Cooperative federalism can be explained simply as: No labour, No money. Work harder, earn more money. To entice more funding, states compete with one another on development fronts. To support this form of federalism, states are given more authority and freedom in terms of formulating policies.

MAKE IN INDIA INITIATIVE:

The government's "Make in India" campaign aims to lure both domestic and foreign businesses to the Indian state for investment. In an effort to spur investment and technological development in India, it was introduced on September 25th, 2014.

The 'Make in India' agenda, according to Chief Minister Devendra Fadnavis, has prompted other states to pursue "competitive federalism." "The Make in India initiative has altered the national mindset. Across all of the states in the nation, there is a good amount of competition. States are currently transitioning from cooperative to competitive federalism."⁶⁴² Mr. Fadnavis said on the occasion of Prime Minister Narendra Modi's official start of Make in India Week.

Some other government initiatives that shows implementation of competitive federalism are : 'One Nation, One Ration card scheme', the selection of cities to be included in the Smart City Initiative, the Swachh Bharat rankings (via Swachh Bharat Mission), the ease of doing business ratings for the states, etc.

Obstacles in the way of competitive federalism:

Centre-State interactions are hampered by a number of problems, including a lack of confidence and shrinking pools that can be divided. They collectively make complete cooperation challenging. The gap in trust between the Center and the States is growing. The majority of state administrations think that the push for federalism is just lofty rhetoric. The manner the Center has been handling the States has drawn criticism from many States. On the one hand, the Center has increased the States' portion of the pool that is divided, but in practise, the States are receiving a smaller portion. The funding for numerous social welfare programmes has also decreased, which has an impact on the health of the State. It is still too early to tell if the current interstate competition for recruiting investment will actually generate competitive investment patterns over time. Each State in India has various socioeconomic factors and levels of development, and although some have achieved significant strides in terms of employment, literacy, and

⁶⁴¹ Empowering Different States Equally with boost to Federalism, [https://www.pmindia.gov.in/en/government_tr_rec/empowering-different-states-equally-with-boost-to-federalism] (15/11/2022)

⁶⁴²NDTV news, <http://www.ndtv.com/india-news/make-in-india-fostering-competitive-federalism-devendra-fadnavis-1277058> (15/11/2022)

fostering business- and investment-friendly environments, others are falling behind.⁶⁴³

Derivation and Conclusion:

For India to flourish, a blend of cooperative and competitive federalism is required. The federalism of cooperation and competition is India's future. The dynamism that needs to be released is provided by competitive federalism. Cooperative federalism is necessary to counterbalance competitive federalism. The Constitution required keeping pace with economy in order to "favour integration over providing sovereignty."

To encourage internal Indian integration GST, which aims to introduce the idea of "one nation, one tax" in an effort to finally economically unite the nation, is referred to as "pooled sovereignty." This would significantly alter how the country's federalism operates.

The Niti Aayog advocated for competitive "cooperative federalism" in 2017, emphasising how this system will reshape the dynamic between the Center and the States. The way the Aayog operates seems to have a positive side by allowing states to compete with one another to advance governance reforms in the spirit of "cooperative, competitive federalism."

Establishing dynamic institutional frameworks so that "eminent individuals outside the government system" can participate to policymaking is one of NITI Aayog's key goals. As a form of competitive federalism, NITI Aayog subtly places the onus on Chief Ministers to both speed the implementation of projects for the state's improvement and to make the state an appealing investment location.

One of the most crucial aspects of a democracy is to maintain a just or fair relationship between the centre and the state, but in modern times, the centre is displaying its arbitrariness and turning cooperative federalism into competitive federalism, which has somewhere irritated the state. The Constitution's creators wanted to offer us a union of states controlled by the real spirit of the separation of powers, with a focus

on intergovernmental collaboration between the federal and state governments to work together to address a common issue. This coordinated effort and cooperation among the many tiers of the government is what can help the country develop. Both cooperative and competitive federalism can coexist as long as they are executed in clearly defined ways and no one goes beyond their bounds.

Proposal For Future Course Of Action:

Union Territories and states should have their roles adequately defined inside the NITI Aayog structure and be able to reject or support the organization's policies. State legislation should be put on a priority list for the president's approval because a quick process will encourage greater coordination between the state and the federal government. A new era of cooperative fiscal federalism and a growing political consensus for economic changes are really inaugurated with the approval of the GST Bill.

The term of the governor's office shouldn't be political in nature, as suggested by the Sarkaria Commission and Punchhi Commission, as this would harm center-state relations. Governor is to a state what the president is to the nation, hence the position should be apart from politics. Some states would need Centre's backing in order to take part in competitive federalism. In order to realise this goal, a "Team India" strategy to working for India's growth is necessary. Strong states produce strong nations. Furthermore, they emphasise the necessity for the Centre to include states more actively in the decision-making process, even if all policymakers and economists agree that "genuine" cooperative federalism is the way to go. The majority of state finance ministers likewise believe that the Centre should allocate funds to States more wisely.

Thus, federalism that is both cooperative and competitive is not incompatible. They are both based on the same fundamental idea, which is the growth of the country as a whole. Because competition without cooperation would not

⁶⁴³ Aakshi Gupta et al., *Cooperative And Competitive Federalism In India: An Analysis*, Researchgate, (August, 2022)

result in the optimal outcomes, cooperative and competitive federalism may be considered as two sides of the same coin.

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