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Prasanna S,

Chairman of Institute of Legal Education

No. 08, Arul Nagar, Seera Thoppu,

Maudhanda Kurichi, Srirangam,

Tiruchirappalli – 620102

Phone : +91 73059 14348 – info@iledu.in / Chairman@iledu.in



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UNION-STATE RELATIONS POST-INCEPTION OF NITI AAYOG

AUTHOR – MARIAPPAN VIJAYARANI ARAVIND, STUDENT (LAW) AT, CHRIST (DEEMED TO BE) UNIVERSITY

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Abstract

With the 2015 replacement of the Planning Commission by NITI Aayog, Union and State relations in India have entered into a new era characterized by promise to cooperative federalism and fiscal reform. This paper explores whether NITI Aayog has genuinely promoted cooperative federalism or just strengthened union authority in a different form. It explores how the 14th Finance Commission with the introduction of the Goods and Services Tax (GST) system, and related constitutional regulations affect the financial independence of states. The function of the Supreme Court in assessing federal balance after 2015 is also examined. With the use of legal research and comparative viewpoints, the paper argues that although NITI Aayog has established a platform for discussion about ongoing issues in fiscal centralization and institutional imbalance impacts true state independence. The research emphasizes the necessity of structural changes to improve cooperative federalism and achieve the constitutional ideal of an equitable federal system.

Key Words – Cooperative Federalism, Centre–State Relations, NITI Aayog, Fiscal Federalism,, Planning Commission

I. Introduction

When the Planning Commission was abolished in 2015 and NITI Aayog was established, the Union government claimed it as a crucial break from the past. The claimed aim was to create an institution that could create “cooperative federalism,” a phrase that has since become important in policy debates.¹ The Planning Commission, critics argued, had turned into a centralizing body—handing out financial allocations with little state participation.² NITI Aayog, in contrast, was presented as a platform where states would have a genuine voice in shaping national priorities.

However, nearly a decade later, the record looks more complicated. While NITI Aayog has introduced several platforms like the Governing Council and “sub-groups of chief ministers,” state governments still complain that their opinions often carry little to no importance. The persuasiveness of partnership sometimes masks the continuation of asymmetrical power,

particularly when it comes to centrally sponsored schemes or the political leanings of the ruling party of the Union.³

In this context, the central question of this study becomes clear: has the formation of the NITI Aayog really altered the distribution of power between the Union and the states, or is it just a model for rebranding? This study is not just academical; it touches on constitutional design, fiscal structures, and the lived politics of federalism.

II. Statement of the Problem

The problem that is being discussed arises from the problem between constitutional promises of federalism and the evolving institutional practices post-2015. The Indian Constitution envisages a quasi-federal structure, where powers are distributed across the Union, State, and Concurrent Lists under Article 246.⁴ While Articles 268–293 regulate fiscal relations and Article 280 provides for a Finance Commission, these provisions were

crafted in the mid-twentieth century. They may not fully account for the dynamics of a twenty-first-century economy or polity.

The establishment of NITI Aayog raised expectations that a more consultative, less directive framework would emerge. However, its advisory nature means its recommendations are not binding, leaving the Union with significant powers. Similarly, the introduction of the Goods and Services Tax (GST) and the creation of the GST Council under Article 279A⁵ created a new cooperative mechanism for fiscal decision-making. Yet, litigation such as *Union of India v. Mohit Minerals Pvt. Ltd.*⁶ has already revealed tensions between central guidance and state autonomy.

This paper, therefore, investigates whether NITI Aayog has meaningfully advanced cooperative federalism or whether it represents continuity in central dominance. It also probes the related issues of fiscal devolution, political partisanship in centre-state relations, and the impact of Supreme Court rulings since 2015.

IV. Research Questions

To what extent has NITI Aayog altered the institutional design of centre-state relations?

How has fiscal federalism evolved since the Fourteenth Finance Commission and the introduction of GST reforms?

What role has the Supreme Court played post-2015 in shaping federal balances?

How do political alignments between the Union and state governments affect the practice of “cooperative federalism”?

Can lessons from international federal systems inform reforms in the Indian context?

V. Significance of Research

This research is significant on both theoretical and policy grounds. Theoretically, it analyzes constitutional provisions of federalism enshrined in our constitution in light of contemporary developments, testing whether they retain their original power or does it

require reinterpretation. Policy-wise, it assesses whether institutions like NITI Aayog and the GST Council have created genuine spaces for negotiation or if they primarily reinforce Union dominance.

The stakes are high in these days. Fiscal disputes, like GST compensation delays, have triggered political unrest in states such as Punjab and Kerala. Similarly, state-level experiments in welfare policy often run up against centrally sponsored schemes with overlapping designs. A critical study of these frictions are important in understanding the way how Indian federalism works.

VI. Scope and Limitation of Research

The study is limited to the period beginning from 2015, the year NITI Aayog was established. It does not attempt a comprehensive historical research of federalism since 1950, but instead relates contemporary developments in their constitutional framework. The focus is on legal provisions,

Supreme Court judgments, and policy reports rather than state high court cases or purely economic analyses.

Another problem of this method is that it analyzes constitutional and institutional design, which may downplay the role of political bargaining and other informal negotiations in deciding

outcomes in Union-State disputes. However, these informal methods will be used where they are important to explaining the persistence of asymmetries.

VII. Research Objectives

To analyze the constitutional structure of Centre-State relations and evaluate the extent to which it supports the institutional function of NITI Aayog.

To examine the effects of dissolving the Planning Commission and establishing NITI Aayog on fiscal federalism and state independence.

To assess the operational effectiveness of cooperative federalism after 2015 via bodies like the NITI Aayog Governing Council and the GST Council.

To evaluate Supreme Court rulings on Centre–State relations since 2015 and their effects on the federal balance.

To contrast India’s developing federal system with global examples of fiscal and cooperative federalism.

To assess if NITI Aayog has changed Centre–State relations into a genuinely participatory framework or if it still functions as a centralizing entity under a different title.

VIII. Research Methodology

The study takes a doctrinal research methodology, with the help of various sources like constitutional provisions, statutory texts, and Supreme Court judgements. Secondary sources include academic articles, peer-reviewed journals, and institutional reports and others.

Comparative perspectives on federalism are included in this study selectively, drawing from other federal systems like the United States and Canada, to compare Indian developments in a much larger context.

While doctrinal analysis is the main research, the research also reflects on policy outcomes by integrating state-specific examples and fiscal data reported in government audits and parliamentary debates. This mixed approach allows for both textual interpretation and contextual understanding of how Centre–state relations have unfolded in practice.

IX. Literature Review

A research paper on centre–state relations after the inception of NITI Aayog cannot rest only on constitutional text; it also requires a survey of how scholars, jurists, and policy analysts have interpreted those texts and the institutions built around them. The literature spans legal dictionaries, constitutional textbooks, journal articles, and comparative works on federalism.

Together, these sources frame the analytical vocabulary of this study.

A. Legal Dictionaries, Textbooks, and Encyclopedias

Legal reference works remain the starting point. *Black’s Law Dictionary* defines federalism in a manner that emphasizes autonomy within unity, but the Indian variant has always been more asymmetrical.⁷ *Halsbury’s Laws of India*, especially the constitutional law series, it provides a detailed theoretical account of legislative lists, fiscal relations, and the constitutional powers of bodies like the Finance Commission.⁸

Among textbooks, M.P. Jain’s *Indian Constitutional Law* continues to serve as the common reference, which offers detailed commentary on Articles 246 and 280, as well as discussions on fiscal federalism.⁹ In Mahendra Singh’s authoritative edition, V.N. Shukla’s *Constitution of India* is more interpretive and pays close attention to the balance between federal principles and central supremacy.¹⁰ Granville Austin’s *Working a Democratic Constitution* is less doctrinal but captures the political imagination behind cooperative federalism, illustrating how constitutional provisions are often mediated through political bargaining.¹¹

B. Journal Articles and Academic Commentary

Much of the debate since 2015 has revolved around whether NITI Aayog represents a genuine step towards cooperative federalism or whether it continues the centralizing tendencies of its predecessor. Sharma’s 2015 article in the *Indian Journal of Constitutional Law* captured the uncertainty of that institutional change, suggesting that NITI Aayog’s advisory nature may limit its transformative potential.¹² A later collaboration between Sharma and Swenden (2017) in *Publius: The Journal of Federalism* placed India in comparative perspective, noting both continuities and departures from classic federal models.¹³

Fiscal issues dominate the next wave of commentary. Rajaraman (2017) in *Economic and Political Weekly* argued that while the Fourteenth Finance Commission devolved a greater share of tax revenues to the states, this was offset by a reduction in centrally sponsored schemes, leading to a net neutral outcome.¹⁴ More recent work by Jhamb (2022) in *Tax Law Review* critiques the GST regime, arguing that despite its consensus-based framework, states remain fiscally dependent on the Union for compensation transfers.¹⁵

Political scientists have also weighed in. Sharma (2023) in *India Review* observed that the Modi era has been marked by both rhetorical commitments to federalism and simultaneous central

interventions in areas like health and education.¹⁶ Grigoriadis and Tripathi (2023) contributed an extensive theoretical perspective in the *Journal of Development Studies*, analyzing how “soft budget constraints” allow states to overspend with the expectation of Union bailouts.¹⁷

C. International Perspectives

Comparative studies help to see India's Standpoint on federalism. In the United States, for example, fiscal federalism often revolves around conditional grants, a system which is followed by Indian States that rely on centrally sponsored schemes. Canadian federalism, with its equalization payments, also provides a point of contrast, especially when Indian states raise concerns about horizontal imbalances. Jeffery and colleagues (2021) wrote in *Public Policy Quarterly*, applied this comparative lens to India's health sector, showing how Union-led schemes often reshape state priorities, sometimes crowding out local initiatives.¹⁸

D. Synthesis

The literature, taken together, reveals a few clear themes. First, while the Constitution establishes a formal structure for Indian federalism but the actual practices are deeply dependent on institutional design and political

situation. Second, fiscal federalism remains the core battleground, whether through Finance Commission distribution, GST compensation, or centrally sponsored schemes. Finally, the rhetoric of cooperative federalism is often at odds with the persistence of asymmetries that favor the Union. These insights form the basis for the analytical framework of this study.

X. Scheme of Study

A. From Planning Commission to NITI Aayog: Institutional Reconfiguration

The Planning Commission was established in 1950 by a resolution passed by the Government of India. It was an institution created by the union government for the purpose of economic planning. Its influence derived less from constitutional provisions and more from its power in resource allocation through the concept of the Five-Year Planning system. Yet by the early 2010s, criticism against the Commission had grown louder. Many states saw it as an agent of central dominance and as an institution that often dictated expenditure priorities without proper participation of the states. The shift in 2015 to NITI Aayog was therefore cast as a reform that would usher in “cooperative federalism” by replacing command-style planning with consultative, state-driven policy frameworks.

NITI Aayog, unlike its predecessor, was established not by statute but by a resolution of the Union Cabinet. This institutional choice was significant. Without any statutory or constitutional provision meant that NITI Aayog lacked any binding power; thus, its recommendations were advisory. Supporters argue this makes the body more flexible and better suited for a dynamic and diversified economy. Critics argue that the lack of a legal mandate reduces accountability and

creates dependence on executive will. In other words, while the Planning Commission's rigidity was a problem, the Aayog's informality may have left it structurally weaker.¹⁹

The Governing Council is chaired by the Prime

Minister and comprising all state Chief Ministers and Lieutenant Governors, is perhaps NITI Aayog's most important forum. On paper, this structure gives states direct access to policy dialogue. Yet, whether this leads to a genuine discussions is less determined. Some observers note that these meetings often function more as showcases of Union programs rather than being a platform for negotiation. The problem is that the same union dominance criticized under the Planning Commission may reappear in a subtler form under the Aayog.

When viewed through a comparative lens, India's institutional shift is unusual. In federations such as Australia or Canada, intergovernmental forums are often backed by statutory arrangements or conventions that generate predictable bargaining rules. NITI Aayog, by contrast, is heavily dependent on political dynamics between the Centre and states at any given moment. This reliance on the political landscape makes its success contingent.²⁰

B. Fiscal Federalism and Resource Allocation

If institutional design is the stage, fiscal federalism provides the script for the Union-State relations. The Indian Constitution distributes taxing powers in a manner that leaves the Union with broad authority over indirect taxes and the states with narrower, though politically sensitive, sources such as excise on alcohol and land revenue.²¹ Historically, this imbalance was partially offset by the Planning Commission's grants and the Finance Commission's devolution.

The Fourteenth Finance Commission (FFC), whose recommendations became a turning point, came into effect in 2015. By increasing the share of states in the divided pool of central taxes from 32 percent to 42 percent, it was celebrated as a bold step toward fiscal autonomy. At the same time, the Centre reduced its funding on centrally sponsored schemes (CSS) and transferred the responsibility of funding to the states. In effect, while states gained more flexible

funds, they also incurred heavier expenditure burdens.²² This "gain-burden" paradox further complicated the narrative of decentralization.

The introduction of the Goods and Services Tax (GST) in 2017, which further reshaped the fiscal structure. The creation of the GST Council which is a constitutional body under Article 279A,

was promoted as an innovation in cooperative federalism. Each state Finance Minister sits on the Council, with voting shares divided between the Centre and the states. In principle, this creates a shared fiscal space. Yet in reality this practice has been uneven. During the COVID-19 pandemic, problems arose over GST compensation exposed problems between the Union and

the states. Several states, particularly Kerala and Punjab, accused the Centre of backing out on its commitment to guarantee revenue shortfalls. The episode shows the weakness of fiscal federalism when economic problems hit.

A deeper look at the state-level budgetary autonomy shows that much of the so-called empowerment is restricted. States remain heavily reliant on central transfers, particularly for infrastructure and social-sector spending. Even with greater distribution, discretionary grants and centrally sponsored schemes which helps to continue to tie states to Union priorities. For instance, while states may now shape their welfare programs with more freedom, flagship central schemes such as Ayushman Bharat or PM-KISAN often overshadow state-led alternatives. Tamil Nadu's aversion to link its own health insurance program with Ayushman Bharat is an important case to discuss, it underscores how fiscal federalism intersects with political federalism, as ruling parties resist what they perceive as branding exercises for the Union government.²³

C. Emerging Patterns

The broad pattern that emerges is one of little to no decentralization combined with preserving central powers. NITI Aayog's advisory

role lacks the enforceable power of the Planning Commission, but various fiscal instruments like, Finance Commission, GST mechanisms, or centrally sponsored schemes keeps the Centre firmly in state finances. The concept of "Team India" thus coexists with realities of imbalanced power.

D. Judicial Interpretations and the Constitutional Context

Even though institutions like NITI Aayog and the Finance Commission have defined the practical nature of the Union-state relationship, The Supreme Court have repeatedly defined the constitutional boundaries of this relationship. Since 2015, the Court's jurisprudence has repeatedly emphasized "cooperative federalism," but the depth of that commitment remains contested.

One of the most cited pronouncements came in *State of Gujarat v. Union of India*, where the Court in 2016 reaffirmed that India is "neither unitary nor federal in the traditional sense but a union of states with a strong central bias."²⁴ The language is telling that even as the Court acknowledged federal principles, it underscored the Union's primacy. The judgment reflected the constitutional scheme in Articles 246 and 248, which vest residuary powers in Parliament.

A more nuanced perspective emerged in cases concerning the GST framework. In *Union of India v. Mohit Minerals Pvt. Ltd.* (2022), the Court checked whether the recommendations made by the GST council is valid. While the Union argued that the Council's decisions were binding, the Court held that the Council's recommendations had only "persuasive value."²⁵ This ruling was important as it preserved the advisory nature of the council and upheld the autonomy of the state. However, the judgment also acknowledged that political and fiscal pressures may push states to align with the Union's position, regardless of formal legal autonomy.

Another significant ruling came in *Government of NCT of Delhi v. Union of India* (2018 and 2023

rounds). The Court interpreted Article 239AA to hold that the elected government of Delhi must have authority over services, barring police, land, and public order.²⁶ While the case did not directly deals with NITI Aayog, its reasoning about federal balance and accountability to local electorates resonated across the broader debate. The Court stressed that "federalism in the Indian Constitution is a basic feature," reaffirming its commitment to power-sharing even within asymmetric contexts.

Taken together, these cases suggest that the judiciary has cautiously moved toward recognizing cooperative federalism as a guiding principle, but it has stopped short of displacing the Union's constitutional supremacy. The tussle between constitutional provisions and judicial interpretation continues to show how federal disputes arise.

XI. State Experiences: Case Studies

Beyond legal doctrine, the lived reality of federalism is best understood through state-level experiences. Since 2015, several flashpoints have illustrated the promises and pitfalls of cooperative federalism in the age of NITI Aayog.

A. Kerala: Fiscal Autonomy and GST Compensation

Kerala has been one of the states which is against the Union's approach in fiscal matters. The state, heavily reliant on GST revenues, faced severe problems during the COVID-19 pandemic. The Union government asked the states to borrow money from the market to negate the GST compensation, Kerala resisted this saying that. The dispute escalated into litigation and public sparring, exposing the fragility of "cooperation" when financial pressures mount.²⁷ The episode also highlighted how smaller, fiscally constrained states often lack bargaining power in national forums.

B. Tamil Nadu: Health Policy and Welfare Schemes

Tamil Nadu has historically been known for its excellent performance in welfare schemes

especially in the field of Health and Education. The introduction of Ayushman Bharat in 2018 created friction, as the state argued that it already operated an effective insurance scheme (CMCHIS). Tamil Nadu resisted fully integrating into the central program, saying that duplication of schemes and central branding of schemes which are funded by the state government undermining the state's autonomy. This illustrates how cooperative federalism often intersects with partisan politics: regional parties are reluctant to cede credit to central schemes.²⁸

C. Punjab and Haryana: Agriculture and MSP Disputes

The 2020–2021 farmers' protests revealed another problem in the federal strain. Punjab and Haryana, where procurement of wheat and rice is central to the agricultural economy, saw the Union's farm laws as an intrusion into state legislative competence under Entry 14 of the State List (agriculture). Although the laws were later repealed, the episode underscored states' anxieties about central encroachment into domains historically reserved for them.²⁹ The protests also revealed the limits of institutional mechanisms like NITI Aayog, which played virtually no role in mediating the conflict.

D. West Bengal: Political Federalism and Centre–State Clashes

West Bengal, under the Trinamool Congress, has provided the clearest example of political federalism in action. The state has repeatedly been in dispute with the Centre over law-and-order issues, distribution of central welfare funds, and even the presence of central agencies. Its Chief Minister Mamata Banerjee boycotted the meeting altogether from 2015 saying that the organisation is "fruitless."³⁰ The boycott signaled a deeper disillusionment with consultative forums that appear to offer dialogue but, in the state's view, deliver little by way of real autonomy.

E. Northeastern States: Special Category Status and Developmental Federalism

Northeastern states present a different picture. Many Northeastern states rely on central assistance as they do not have a big income base. The abolition of the "special category state" classification in 2015 under the Fourteenth Finance Commission created unease, as states like Assam and Nagaland feared losing fiscal cushions. Since this, NITI Aayog has focused on development of

the Northeast region, but the dependence on central transfers reinforces asymmetry rather than alleviates it.³¹

XII. Patterns and Emerging Contradictions

These case studies reveal that while the concept of cooperative federalism has gained important, actual outcomes vary accordingly across various regions and sectors. Kerala's struggles highlight the fiscal side of the story, Tamil Nadu's resistance illustrates welfare and political autonomy,

Punjab's protests bring agricultural federalism into sharp relief, and West Bengal demonstrates how partisan rivalries can obstruct institutional cooperation.

The paradox of NITI Aayog is that it is both more inclusive and less authoritative than the Planning Commission. Its inclusiveness lies in the regular presence of states in its Governing Council. Its weakness lies in the absence of statutory authority. Meanwhile, fiscal instruments such as the Finance Commission and GST Council carry more legal weight but remain politically contentious. The net result is a system in which dialogue is emphasized but bargaining power remains uneven.

XIII. Findings

A. Institutional Design and Its Limits

The replacement of the Planning Commission with NITI Aayog was said to be a structural organisation aimed to create an inclusive organisation for participation of states in union policies.

The Governing Council, including all state Chief Ministers, symbolized an attempt to place

states at the heart of policymaking. However, the absence of statutory powers for the Aayog has left the organisation dependent on political goodwill rather than enforceable orders, regulations, or any resolutions. This defect of the organisation means that while the body promotes dialogue and discussions, it cannot promise compliance or a solution to the state's problems. States may feel heard, but that does not mean that they are empowered.

This raises another broader issue in this function, that is, cooperative federalism in India has been more of a political aspiration than a constitutional reality. Unlike in federations such as Australia, where intergovernmental councils operate within well-defined conventions, India's

arrangements remain ad hoc, dependent on the Union executive's approach at any given time.³²

B. Fiscal Federalism: Empowerment or Dependence?

The decision of the Fourteenth Finance Commission's expansion of tax devolution to 42 percent was widely welcomed by all the states. On the other hand, the withdrawal or restructuring of the centrally sponsored schemes diluted the state's function. States were left with greater responsibility for welfare expenditures but not necessarily with enhanced fiscal space.

The GST Council, hailed as a hallmark of cooperative federalism, has revealed both strengths and weaknesses. On one hand, it organises discussions and dependent on collective decision making. But on the other side, disputes over states compensation during the pandemic exposed the reality how political imbalances are used for lobbying in favor of the Centre. The Supreme Court's judgment in *Mohit Minerals* upheld the advisory nature of the Council's recommendations while theoretically protecting state autonomy.³³ But in the current reality reminds us that weaker states really

cannot withstand fiscal pressure given by the Union.

C. Judicial Role: Federalism as a Basic Feature

The Supreme Court's jurisprudence since 2015 has shown an evolving realisation that India's federal structure is an integral part of the constitutional identity and values. In the *NCT of Delhi* cases, the Court emphasized on the accountability of the local electorate by holding that it cannot be stopped by administrative hindrances.³⁴ Similarly, in *Mohit Minerals*, it drew clear lines around the GST Council's powers. However, the judiciary's willingness to stop short of dismantling Union supremacy reflects the text of the Constitution itself.

The main problem lies between the constitutional and structural bias. The Supreme court has several times upheld the constitutional ideas of cooperative federalism but its rulings often upheld the Union's overriding powers intact in a constitutional crisis or other legal issues between the Union and States. This ambiguity give the opportunity to the Union to retain control while showcasing of accommodating states for the common goal of cooperative federalism.

D. State-Level Experiences: Diversity and Conflict

The stories of Kerala, Tamil Nadu, Punjab, West Bengal, and Northeastern states shows that the experience of cooperative federalism is not uniform but a contextual one. But these data are based on regional economies, political alignments, and historical trajectories.

Kerala's fiscal disputes highlight that the compensation mechanism is at the risk of over-reliant on union's will.³⁵

Tamil Nadu's resistance to Ayushman Bharat shows how welfare politics can become a site of federal assertion.³⁶

Punjab's farmer protests reveal the consequences when central legislation intrudes into sensitive state domains like agriculture.³⁷

West Bengal's story boycotting of cooperative forum meetings dominated by the central government can translate into political federalism.³⁸

Northeastern states are still dependent on transfers of funds from the Union, showcasing how fiscal imbalances reinforce the central government's leverage over states despite consultative gestures.³⁹

The striking pattern is that states most vocal about federal imbalance are often those ruled by opposition parties or those facing structural economic constraints. Federal tensions thus become both a constitutional and a political phenomenon.

E. Cooperative Federalism: Rhetoric vs. Reality

The encompassing finding is that cooperative federalism, as practiced since 2015, remains more a discourse than a lived reality. NITI Aayog may be a tool for discussion, but without statutory backing, it cannot alter fiscal or legislative imbalances. The GST Council represents an institutional innovation but has failed during moments of crisis. The judiciary has endorsed federalism as a basic feature but has stopped short of creating enforceable limits on Union power. In effect, cooperative federalism functions as a political strategy rather than a legal guarantee. It provides legitimacy to central policies while allowing the Union to maintain decisive control.

The aspect of cooperative federalism may reflect on policy resolution of the organisation, but in reality the union holds all the control under this organisation due to the financial dependence of the states and political imbalances.

F. Implications

These findings carry three implications. First, any institution without any statutory or constitutional powers will make that organisation vulnerable to political imbalances. Second, fiscal federalism was expanded but in reality it was restricted by various conditions and

economic instability. Third, judicial recognition of federal principles, while important, has not displaced the Union's structural dominance.

Finally, India's federal structure after 2015 appears little changed then what it was promised to be. While the idea of cooperation has gained attention, the truth of imbalance and central leverage remains. The challenge is to determine whether institutional reforms can bridge this gap or whether cooperative federalism will remain, in practice, a rhetorical veneer over centralized governance.

XIV. Suggestions and Conclusion

A. Strengthening the Institutional Framework

The foremost lesson we can learn from this study is that for the actual working of cooperative federalism requires it more than a think-tank organization, it demands enforceable structures. NITI Aayog, while symbolically inclusive, suffers from the absence of statutory recognition. Parliament could consider passing a legislation which will grant the NITI Aayog a more defined role in intergovernmental coordination to solve this. Such a statute may not entirely erase political asymmetries, but it would at least ensure continuity, transparency, and accountability.

Comparisons with Australia's Council of Australian Governments or South Africa's Intergovernmental Relations Framework Act suggest that legally anchored institutions are better positioned to manage conflicts.⁴⁰

Further, cooperative federalism cannot be episodic; it must be continuous. Mechanisms for routine dialogue particularly on subjects like health, education, and climate resilience should be institutionalized beyond the framework of annual Governing Council meetings.

B. Rebalancing Fiscal Federalism

Fiscal relations remain the crux of India's federal compact. While the expansion of decentralization under the Fourteenth Finance Commission was a crucial step, its effectiveness has been eroded by the Union's

growing reliance on cesses and surcharges, which are excluded from the divisible pool.⁴¹ A much needed change would require levying charges on states and making the revenue sharing arrangement more inclusive.

The GST Council, though a change that was much needed but it needs reform. Compensation disputes during the pandemic underscored the fragility of trust between the Centre and states. A standing dispute resolution body, independent of the Union executive, could help preserve confidence. Moreover, the Council's voting mechanism currently weighted heavily toward the Union might be recalibrated to reflect state diversity better. Without such reforms, fiscal cooperation risks becoming coercion disguised as consensus.

C. Judicial Consolidation of Federal Principles

The judiciary has made important decisions that recognise federalism as a basic feature, but its role remains inconsistent. Courts can do more to intervene to stop the Union interfering on States domain. For instance, the *NCT of Delhi* judgments reaffirmed local accountability but left ambiguities about administrative control.⁴² Similarly, *Mohit Minerals* emphasized state autonomy within GST but did not address systemic fiscal dependence.

Judicial review could focus less on political pragmatism and more on doctrinal clarity. The articulation of cooperative federalism as a judicially enforceable principle rather than a rhetorical aspiration would strengthen the balance of power.

D. Political Federalism as a Safeguard

Ultimately, institutional and judicial reforms cannot be a change for the political spirit of the states. The Indian experience shows that states ruled by opposition parties have been the strongest advocates of federal autonomy. This dynamic, while not enforceable, has kept the Union on check. Encouraging stronger state-level policy innovation and fostering platforms for inter-state solidarity provide a

practical safeguard against excessive centralization.

Coalitions of states, such as joint positions on GST compensation or agricultural policy demonstrates the potential of political federalism as a counterweight. A legitimized recognition of such inter-state cooperation, perhaps through a renewed Inter-State Council under Article 263, could strengthen this safeguard.

XV. Conclusion

The findings of this paper suggest that the Union's view of cooperative federalism that is enshrined in our constitutional values since 2015 has been unequal and unfair. The concept of partnership has expanded, but the reality of an imbalanced relationship between the Centre and the states persists. NITI Aayog has provided a platform for consultation but lacks any enforceable powers. The GST Council has institutionalized discussed decision making but remains vulnerable to crisis. The judiciary has several times upheld federal principles but has not decisively curbed central dominance. Moreover, states continue to oscillate between dependence and assertion, their voices amplified largely when political conflict with the Union arises.

For cooperative federalism to move beyond symbolism, three shifts are essential:

Statutory reinforcement of intergovernmental institutions. Fiscal rebalancing through reform of revenue-sharing and GST mechanisms, and Judicial crystallization of federalism as an enforceable constitutional principle.

These shifts must be accompanied by political practices that encourage genuine negotiation rather than unilateral assertion. Federalism in India has always been adaptive, oscillating between centralization and decentralization in response to political and economic pressures. The challenge now is to stabilize cooperation not as a passing strategy but as a durable constitutional ethic.

In closing, cooperative federalism in India is not

yet a lived reality it is, at best, an evolving aspiration. Whether it matures into a stable principle, it depends not only on institutions and courts, but on the willingness of the Union and the states to reimagine their relationship in the way the constitution imagined and in the true spirit of cooperative federalism. The constitutional promise of federalism lies not in uniformity or dominance, but in a negotiated balance that respects diversity while sustaining unity.

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