Polity & Governance · GS - II

What changes has the Union Government recently introduced in the domain of Centre-State relations? Suggest measures to be adopted to build the trust between the Centre and the States and for strengthening federalism.

EXAM YEAR	PAPER	SUBJECT
2024	GS - II	Polity & Governance

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Centre-State relations, cooperative federalism, fiscal federalism, GST, centrally sponsored schemes, All India Services, Governors, central agencies, Inter-State Council, Finance Commission, state autonomy

Model Answer

Introduction

India's federal system combines a strong Union with constitutionally protected State powers. Recent developments in taxation, administration, centrally sponsored schemes and institutional coordination have significantly influenced Centre-State relations.

Recent Changes

1. Fiscal relations: GST has transformed indirect taxation and reduced States' independent taxation space, while the growing use of cesses and surcharges has generated concerns regarding the divisible tax pool.

2. Centrally Sponsored Schemes: Greater central conditionalities and funding structures can influence State policy priorities.

3. Administrative relations: Changes concerning deputation of All India Service officers and the functioning of central agencies have generated debates over State administrative autonomy.

4. Institutional restructuring: NITI Aayog replaced the Planning Commission, shifting towards cooperative and competitive federalism.

5. Political dynamics: The 2024 election and greater importance of regional parties have again highlighted the role of negotiated federalism.

Measures to Strengthen Trust

1. Revitalise the **Inter-State Council** as a regular forum for consultation.
2. Ensure predictable and timely transfer of taxes and grants.
3. Strengthen the **GST Council** through consensus-based decision-making.
4. Consult States before major policies affecting the State List or Concurrent List.
5. Establish clearer conventions for the role of Governors.
6. Strengthen fiscal autonomy and rationalise excessive conditionalities in centrally sponsored schemes.
7. Implement recommendations of the **Sarkaria and Punchhi Commissions** on federal relations.

Conclusion

Indian federalism should evolve towards **cooperative, consultative and competitive federalism**, where national objectives are pursued through partnership rather than excessive centralisation. Regular institutional dialogue is essential for rebuilding trust.

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