Essay · Essay

Cooperative federalism : Myth or reality

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MARKS	WORD LIMIT
125	~1200 words

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Answer Hint

Meaning of cooperative federalism; constitutional foundations; Centre–State relations; fiscal federalism; role of NITI Aayog; GST Council; Inter-State Council; centrally sponsored schemes; cooperative institutions; competitive and cooperative federalism; regional disparities; political conflicts; governor-related controversies; role of local governments; reforms and way forward

Model Answer

Introduction

Federalism is a system of governance in which powers are constitutionally distributed between a central government and constituent units, such as states. It seeks to maintain national unity while respecting regional diversity and enabling governance closer to the people. In India, federalism reflects the country's immense linguistic, cultural, geographical and socio-economic diversity.

Cooperative federalism refers to a governance approach in which the Union and state governments work together to formulate policies, share resources, coordinate implementation and address common challenges. It recognises that many developmental issues, including poverty, public health, education, environmental protection and

infrastructure, cannot be effectively addressed by either level of government acting independently.

The Indian Constitution establishes a federal structure with a relatively strong Union. Consequently, the practical success of cooperative federalism depends not only on constitutional provisions but also on political maturity, institutional effectiveness, fiscal fairness and mutual trust. Thus, cooperative federalism in India is neither a complete myth nor an accomplished reality; it is an evolving process containing significant achievements as well as persistent contradictions.

Body

1. Constitutional Foundations of Cooperative Federalism

The Indian Constitution provides several mechanisms that enable cooperation between the Union and states.

A. Distribution of legislative powers

Articles 245 and 246, read with the Seventh Schedule, distribute legislative responsibilities through the Union List, State List and Concurrent List. While the Union legislates on matters of national importance and states address many regional and local concerns, the Concurrent List provides scope for coordinated policymaking.

B. Administrative coordination

Article 256 requires states to exercise their executive power in a manner that ensures compliance with parliamentary laws, while Article 263 provides for the establishment of an Inter-State Council to facilitate coordination and investigate matters of common interest.

C. Fiscal arrangements

Articles 268–281 provide for different aspects of financial relations between the Union and states. Article 280 provides for the Finance Commission, which recommends the distribution of certain tax revenues and grants to states.

D. Inter-state cooperation

Article 262 enables Parliament to provide for the adjudication of disputes relating to inter-state river waters, while Article 263 supports coordination on issues of common interest.

These provisions demonstrate that the Constitution contains a framework for cooperation, although their effectiveness depends on how institutions are used in practice.

2. Evidence That Cooperative Federalism Is a Reality

A. NITI Aayog and policy coordination

NITI Aayog, established in 2015, replaced the Planning Commission and introduced a platform intended to strengthen cooperative and competitive federalism. Its Governing Council includes chief ministers of states and representatives of Union Territories, providing a forum for discussing national development priorities.

Its approach encourages states to participate in policy formulation, share best practices and develop region-specific strategies. However, the extent of its influence depends on the willingness of governments to act on recommendations and sustain institutional engagement.

B. Goods and Services Tax Council

The GST Council, established under Article 279A, is a significant example of institutionalised fiscal cooperation. It brings together Union and state representatives to deliberate on GST rates, exemptions, rules and related matters.

The Council provides a platform for negotiation on an issue that directly affects state revenues and national economic integration. Its experience demonstrates that governments with different political interests can cooperate through structured deliberation.

Nevertheless, disputes over compensation, revenue protection, rate rationalisation and the distribution of fiscal burdens reveal that cooperation requires continuous negotiation.

C. Finance Commission and fiscal transfers

The Finance Commission plays an important role in recommending the distribution of central tax revenues and grants to states. These arrangements help states finance public services and address differences in fiscal capacity.

Fiscal transfers can support more balanced development by enabling relatively resource-constrained states to provide essential services. Their effectiveness, however, depends on predictable transfers, sound expenditure management and a fair balance between national priorities and state autonomy.

D. Centrally sponsored schemes

Programmes related to rural employment, health, education, nutrition and sanitation often require implementation by states with support from the Union. Their design and delivery can combine national objectives with local administrative capacity.

For example, public health programmes require coordination over funding, staffing, procurement and service delivery. Similarly, disaster management depends on cooperation between central agencies, state governments and district administrations.

E. Joint action during national emergencies

The COVID-19 pandemic demonstrated both the necessity and complexity of cooperative federalism. Vaccine development and procurement, public-health guidelines, emergency financial assistance and information sharing required coordination across levels of government.

At the same time, differences over lockdowns, migrant workers, hospital capacity and the allocation of medical supplies highlighted the limitations of coordination when responsibilities and resources are not adequately aligned.

3. Why Cooperative Federalism Sometimes Appears to Be a Myth

Despite these achievements, several structural and political factors weaken cooperative federalism.

A. Centralisation of decision-making

India's Constitution gives the Union substantial powers, including the authority to legislate on Union List subjects, exercise emergency powers and influence state administration through various constitutional mechanisms.

Concerns arise when central policies are formulated with insufficient consultation or when states have limited flexibility in implementing centrally sponsored programmes. Excessive centralisation can undermine local priorities and reduce state governments' sense of ownership.

B. Unequal fiscal capacity

States differ significantly in their ability to raise revenue, attract investment and finance public services. Although fiscal transfers seek to reduce these disparities, many states remain dependent on central

transfers.

Concerns over the composition of central tax revenues, cesses and surcharges, conditions attached to grants, and delays in releasing funds can generate tensions. States may consequently perceive that their expenditure responsibilities are not matched by adequate financial autonomy.

C. Political differences between the Union and states

When different political parties govern at the Centre and in states, disagreements may affect policy implementation, appointments, financial negotiations and public communication.

Federal institutions are weakened when political competition takes precedence over consultation. Conversely, cooperation may also become selective if political alignment influences access to resources or institutional attention.

D. Controversies involving Governors

Governors are constitutional heads of states and are expected to act within the Constitution. Disputes concerning government formation, assent to bills, legislative sessions and the exercise of discretionary powers have, at times, strained Centre–State relations.

Perceptions that Governors act as political representatives of the Union rather than impartial constitutional authorities undermine trust. Clear conventions, timely decisions and respect for constitutional boundaries are essential to address these concerns.

E. Inter-state disputes

Water-sharing disagreements, boundary disputes and conflicts over the allocation of natural resources reveal weaknesses in inter-state coordination.

The Cauvery water dispute, for example, illustrates how competing agricultural needs, drinking-water requirements, rainfall variability and regional political pressures can complicate negotiations.

Effective dispute resolution requires reliable data, timely adjudication, scientific assessment and acceptance of institutional decisions by all parties.

F. Limited empowerment of local governments

The 73rd and 74th Constitutional Amendments created a framework for rural and urban local self-government. However, the transfer of functions,

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funds and functionaries remains uneven across states.

Without strong local institutions, cooperative federalism can become limited to the Union and state levels, excluding the communities that experience the direct consequences of public policies.

4. Cooperative Federalism and Competitive Federalism

Cooperative and competitive federalism are complementary rather than contradictory concepts.

Cooperative federalism emphasises coordination, joint decision-making and the sharing of resources. Competitive federalism encourages states to improve governance, attract investment, develop infrastructure and deliver better public services.

For example, states may compete to attract manufacturing investment while cooperating through national infrastructure networks, common taxation arrangements and environmental standards.

Healthy competition can encourage innovation and administrative efficiency. However, competition becomes harmful when it encourages unsustainable subsidies, a race to weaken labour or environmental protections, or the neglect of poorer regions.

Therefore, cooperative mechanisms must establish common standards and enable less-developed states to improve their capabilities, while competition encourages performance and innovation.

5. Why Cooperative Federalism Is Essential for India

A. Managing regional diversity

India's states differ in language, culture, natural resources, demographic patterns and developmental needs. Cooperative federalism allows national objectives to be pursued without imposing identical solutions on every region.

B. Achieving inclusive economic growth

Infrastructure networks, energy distribution, transport corridors, agricultural markets and industrial supply chains frequently cross state boundaries. Coordinated policies can reduce barriers, improve connectivity and generate shared economic benefits.

C. Addressing climate change and environmental challenges

Air pollution, river pollution, deforestation, floods and droughts do not respect administrative boundaries. Cooperation among states and the Union is necessary for watershed management, pollution control, disaster preparedness and climate adaptation.

D. Strengthening national integration

A cooperative approach reassures states that their interests and identities are respected within the national framework. It strengthens trust, reduces political alienation and promotes the idea that national progress depends on regional prosperity.

E. Improving public service delivery

States are often better positioned to understand local conditions, while the Union can provide financial resources, technical expertise and national coordination. Combining these strengths can improve the implementation of welfare programmes.

6. The Way Forward: From Constitutional Possibility to Practical Reality

To strengthen cooperative federalism, India must move beyond formal consultation towards sustained, transparent and outcome-oriented collaboration.

First, strengthen inter-governmental institutions. The Inter-State Council should meet regularly, and its recommendations should receive timely consideration. Institutional platforms must facilitate meaningful consultation before major policy decisions affecting states.

Second, promote predictable fiscal federalism. Tax devolution and grants should be transparent and timely. States require reasonable fiscal flexibility to address regional needs, while responsible public financial management must remain a shared objective.

Third, improve the functioning of the GST Council. Continued dialogue, transparent decision-making and effective mechanisms for resolving disagreements can strengthen confidence in cooperative fiscal governance.

Fourth, respect constitutional conventions. Governors and other constitutional authorities should function impartially. Legislative and administrative disagreements should be resolved through constitutional processes rather than political confrontation.

Fifth, establish effective dispute-resolution mechanisms. Inter-state water and boundary disputes require timely institutional processes, transparent data and science-based solutions. Mediation and negotiated settlements should complement formal adjudication wherever appropriate.

Sixth, deepen decentralisation. Local governments need adequate funds, functions and functionaries. Gram panchayats and urban local bodies should participate in planning and implementation so that federal cooperation reaches citizens directly.

Seventh, encourage evidence-based policy learning. States should share successful experiments in education, health, agriculture, digital governance and environmental management. Performance comparisons should account for differences in starting conditions and fiscal capacity.

Finally, foster a cooperative political culture. Governments must recognise that political disagreement does not eliminate constitutional obligations. Consultation, mutual respect and a commitment to common national objectives are indispensable to the functioning of a diverse federation.

Conclusion

Cooperative federalism in India is neither merely a constitutional ideal nor a fully realised practice. The GST Council, Finance Commission, NITI Aayog and joint implementation of national programmes demonstrate that institutional cooperation is possible and often necessary. At the same time, fiscal tensions, political polarisation, inter-state disputes and controversies over constitutional authorities expose persistent weaknesses.

The real question is not whether cooperative federalism is a myth or a reality, but whether India can strengthen the institutions and political conventions that make it effective. A mature federation requires a strong Union, empowered states and capable local governments, each performing its constitutional role while respecting the others.

Ultimately, India's unity and development depend not on uniformity or excessive centralisation, but on a partnership that combines national purpose with regional autonomy. Cooperative federalism must therefore evolve from an administrative arrangement into a durable democratic culture based on trust, fairness, consultation and shared responsibility.

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