

## Centre-State Relations

The Constitution provides a federal system of government in the country even though it describes India as 'a Union of States'. The term implies that firstly, the Indian federation is not the result of an agreement between independent units and secondly, the units of Indian federation cannot leave the federation. India is a union of states. The constitution of India has divided the legislative, executive and financial powers between the centre and the states, which gives the constitution a federal character whereas judiciary is integrated in a hierarchical structure.

The centre-state relations are divided into three parts, which are mentioned below:

- (A) Legislative Relations (Article 245-255)
- (B) Administrative Relations (Article 256-263)
- (C) Financial Relations (Article 268-293)

### Legislative Relations

**Articles 245 to 255 in Part XI deals with different aspects of legislative relations between centre and states. These include:**

- (1) Territorial jurisdiction of laws made by the Parliament and by the Legislatures of States.
- (2) Distribution of legislative subjects
- (3) Power of parliament to legislate with respect to a matter in the State List
- (4) Centre's control state legislation

However, Seventh Schedule of the Constitution provides for the distribution of legislative powers between the centre and the states. The legislative subjects are divided into List I (the Union List), List II (the Concurrent List) and List III (the State List).

- **At present, there are 100 subjects in the Union list** which includes subjects such as foreign affairs, defence, railway, postal services, banking, atomic energy, communication, currency etc.
- **At present, there are 59 subjects in the State list.** The list includes subjects such as police, public order, roadways, health, agriculture, local government, drinking water facilities, sanitation etc.
- **At present, there are 52 subjects in the Concurrent list.** The list includes subjects such as education, forests, protection of wild animals and birds, electricity, labour welfare, criminal law and procedure, civil procedure, population control and family planning, drugs etc.

Article 245 empowers the centre to give directions to the states in certain cases in regards to the exercise of their executive powers.

Article 249 empowers the parliament to legislate with respect to a matter in the State List in the national interest.

Under Article 250, the parliament becomes empowered to make laws on the matters related to state list when national emergency (under Article 352) is in operation.

Under Article 252, the parliament is empowered to legislate for two or more States by their consent.

### **Administrative Relations**

Article 256 to 263 deals with the administrative relations between the centre and the states. Article 256 states that "the executive power of every State shall be so exercised as to ensure compliance with the laws made by the parliament and any existing laws which apply in that State, and the executive power of the Union shall extend to the giving of such directions to a State as may appear to the Government of India to be necessary for that purpose".

### **Cooperation Between the Centre and the States**

The constitution lays down various provisions to secure cooperation and coordination between the centre and the states. These include:

- (i) Article 261 states that "Full faith and credit shall be given throughout the territory of India to public acts, records and judicial proceedings of the Union and of every State".
- (ii) According to Article 262, the parliament may by law provide for the adjudication of any dispute or complaint with respect to the use, distribution or control of the waters of, or in, any inter-State river or river valley.
- (iii) Article 263 empowers the President to establish an inter-State Council to inquire into and advise upon disputes between states, to investigate and discuss subjects in which some or all of the States, or the Union and one or more of the States, have a common interest.
- (iv) As per Article 307, Parliament may by law appoint such authority as it considers appropriate for carrying out the purposes of the constitutional provisions related to the inter-state freedom of trade and commerce.

### **Centre-State Relations during Emergency**

- (i) During a national emergency (under Article 352), the state government become subordinate to the central government. All the executive functions of the state come under the control of the union government.
- (ii) During a state emergency (under Article 356), the president can assume to himself all or any of the functions of the Government of the State and all or any of the powers vested in or exercisable by the Governor or authority in the State other than the Legislature of the State.

(iii) During the operation of financial emergency (under Article 360), the Union may give directions to any State to observe such canons of financial propriety as may be specified in the directions, and to the giving of such other directions as the President may deem necessary and adequate for the purpose.

### **Financial Relations**

The Constitution deals with the centre-state financial relations in Article 268-293 of Part XII.

### **Allocation of taxing powers**

The Constitution has provided the union government and the state governments with the independent sources of revenue. It allocates the powers to centre and the states in the following way:

- (i) The parliament has exclusive power to levy taxes on the subjects mentioned in the Union List.
- (ii) The state legislatures has exclusive power to levy taxes on the subjects mentioned in the State List.
- (iii) Both the parliament and the state legislature are empowered to levy taxes on the subjects mentioned in the Concurrent List.
- (iv) The parliament has exclusive power to levy taxes on the matters related to the residuary subjects.

### **However, in case of tax revenue distribution**

- Article 268 states that duties are levied by the Union but are collected and appropriated by the States;
- Service tax levied by Union and collected and appropriated by the Union and the States (Article 268-A);
- Taxes levied and collected by the Union but assigned to the States (Article 269);
- Taxes levied and collected by the Union but distributed between the Union and the States (Article 270).
- Surcharge on certain duties and taxes for purposes of the Union (Article 271)

Under Article 275, the parliament is authorized to provide grants-in-aid to any state as parliament may determine to be in need of assistance, and different sums may be fixed for different States.

Under Article 282, the union or a state may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws.

Under Article 352, during the operation of national emergency, the distribution of revenues between the centre and the states can be altered by the president.

Under Article 360, during the financial emergency, the executive authority of the Union shall give directions to any State to observe such canons of financial propriety as may be specified in the directions and to give the directions as the President may deem necessary and adequate for the purpose.

The important recommendations of the first administrative reforms commission related to the centre-state relations are:

**Establishment of an Inter-state council under Article 263**

1. Decentralization of powers to the states as much as possible
2. More transfer of financial resources to the states
3. Arrangements for devolution in such a way that the states can fulfil their obligations
4. Advancement of loans to states should be related to as 'the productive principle'.
5. Deployment of central armed forces in the states either on their request or otherwise

During state emergency, under Article 356, President's Rule can be imposed in event of the failure of constitutional machinery in a state.

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