

Institutions and Processes to facilitate Cooperative Federalism: The Indian Experience

Presentation by
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Executive Mechanisms

- Institutions set up under the Constitution(Article 263) : **Inter-State Council (ISC)**
- Institutions set up by Parliamentary Act : Five **zonal councils** under States Reorganization Act 1956 plus North-Eastern Council constituted in 1971
- Institutions set up by cabinet resolution : **National Development Council (NDC)**, **Planning Commission** (now replaced by NITI Ayog)
- Agreements between different orders of governments , e.g. **MOUs**
- **National Integration Council**: intergovernmental with wider scope
- Civil services especially federally-based **All-India Services**, a unique feature of the Indian federation

Legislative Mechanisms

- There are no formal or informal modes of cooperation between the legislatures of the Union and the states
- All-India conferences of speakers and presiding officers of the respective legislatures
- Most important legislative forum of intergovernmental significance is the **Rajya Sabha**
Seats in Rajya Sabha are in proportion to the population of the state like in the popular chamber
- No house committee either in the parliament or state legislature with oversight on intergovernmental affairs

Other Mechanisms and Techniques

- Fiscal federal institutions : **Finance Commission** (Art.280) a constitutional body but not permanent, and **Planning Commission** (1950) a statutory body but permanent (replaced by **NITI Aayog** in 2015)
- Union Agencies with Federal Implications : **Election Commission, Union Public service Commission, Central Bureau of Investigation , Central Auditor General of India, National Investigative Agency, paramilitary forces**
- Independent Regulatory Authorities in national economy in post-liberalization phase in various sectors like telecom , electricity, banking, insurance, companies affairs : **Telecom Regulatory Authority of India (TRAI), Central Electricity Regulatory Commission (CERC), Securities Exchange Board of India (SEBI), Competition Commission**
- Tribunals set up under Inter State River Water Disputes Act 1956 resolve water disputes : **Narmada, Krishna, Godavari, Cauvery, Sutlej-Yamuna** and environmental issues(**National Green Tribunal**), and Constitutional Courts

Recommendations of Various Commissions on union-state relations

- Sarkaria Commission set up in 1983
- M.M Punchhi Commission set up in 2007
- Sarkaria recommended the **setting up of Inter State Council**
- Emphasis of both these commissions have been on promoting cooperative federalism based on mutual trust and consultation in the Inter State Council
- Punchhi Commission recommended **equal representation of states in Rajya Sabha** and empowering its committees for parliamentary oversight on union -state and inter-state relations

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Recommendations on cooperative Federalism

- To evolve new institutional arrangement consistent with the objective of Cooperative federalism for larger role envisaged for the Inter-State Council
 1. Identifying sectors in states eligible for grants from union (states' share in net proceeds of tax revenue increased to 42% from 32%)
 2. Indicating criteria for inter-state distribution
 3. Help design schemes with flexibility for states regarding implementation
 4. Identifying and providing area-specific grants
 5. New institutional arrangement should become the forum for integrating economic and environmental concerns in decision-making