



FEDERALISM IN INDIA: EMERGING TRENDS AND CONTEMPORARY CHALLENGES

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Abstract

The Federal polity of India, envisioned as a distinctive blend of unity and diversity, has undertaken significant transformation since its origin. The Constitution of India established a quasi-federal structure with a strong Centre, where diverse political dynamics, regional ambitions, socio-economic disparities, and judicial pronouncements have continuously reshaped the nature of Indian federalism. In federalism, both the Centre and states are equal partners and equal in every respect. They also guaranteed to believe in the assumption of 'self-rule' with 'share-rule'. However, several controversies and dichotomies have arisen due to the uncertain nature of practice, which frequently challenges the federal working system of India. In recent years, several vibrant and emerging issues, including fiscal imbalances, river water disputes, the centralization of power, the role of regional parties, inter-state disputes, the increasing demand for a new state and the impact of digital governance, have redefined Centre-State relations. More recently, the political developments surrounding the Citizen Amendment Act, 2019, and other related issues have generated considerable debate regarding the understanding of federalism. In addition to this, there is some tension between the Union & the State on the implementation issue of NRC-CAA. The opposing states, such as Kerala, Punjab, Rajasthan, and West Bengal, argue that Indian federalism is becoming increasingly competitive rather than cooperative over time. The paper also studies the GST and COVID-19 and its impact on Indian Federalism. In light of this finding, this paper studies the future prospects in order to strengthen the theory and practices of Indian Federalism.

Keywords: Federalism, CAA-NRC, River Water Dispute, Cooperative and Competitive Federalism

INTRODUCTION: -

In the contemporary political system, the federal system of Government plays a significant role in maintaining unity and diversity between different levels of Government. It played an important role in harmonising the national unity with regional diversity. The term 'federalism' refers to a system for the constitutional distribution of power between the Centre and the states. Both levels of Government perform their functions in accordance with the principles of the written constitution. After independence, India adopted a federal system of Government in which two sets of Government exist: the Union Government and the State Governments; the former performs functions at the national level, whereas the latter performs tasks at the state level. In a nutshell, federalism is like a 'dual polity' in which governments enjoy independent powers, cooperation, and sovereignty to maintain the federal essence. (Kashyap, 2010, p. 49).

Federalism may be termed as a 'multi-level' system of Governance because power is shared rather than unified, and decision-making happens at more than one provincial level. It is a platform where the two or more levels of Government interact, negotiate, and cooperate in their functioning at the National/Central Government, State/Regional Government, and local Government levels. These levels of Government cooperate through a network in the context of power distribution. Thus, multi-level Governance may be highlighted through the principle of unity in diversity, empowering the Government at multiple levels. These levels of the relationship can be recognised through two perspectives: the Political and the Economic. In the political perspectives, the concept of federalism talks about power sharing, Governance for the protection and development of the rights and duties of the individuals and postulates democratic values among the Indian citizens. In the economic perspectives, it speaks about the distribution of fiscal power, resources and responsibilities for the development of a common market for regional development and financial stability (Bagchi, 2000).

In the context of the evolution of Federalism, there are two sets of notions: the role of the Federal Government and the link between the constitution and its subsidiary federal apparatuses. The role of the Federal Government concerns federal



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planning and its proper functioning, whereas the relationship between the constitution and the federal machinery concerns the different federal dimensions that derive from the constitution. In his regards, the Constituent Assembly highlighted the rejection of the Western model of Federalism, which is not suitable for India. The members of the Constituent Assembly tried to develop a unique model of Federalism for India and its peoples (Austin, 1972: 223), where they designed a political system and followed the system of federal governance with the power-sharing principles constitutionally between the two levels of government: the National and the Regional Government (Singh, 2015). In India, the Federal system is termed an 'organizational mechanism' in which power is structurally dispersed between the Center and the states. Both Governments cooperate and coordinate to achieve a sense of political independence within their territorial jurisdictions and economic dependence. Put differently, it may be stated that to maintain unity in diversity, integrity, and autonomy, the framers of the Indian institution designed the federal Government with a constitutional demarcation of powers.

INDIAN FEDERALISM: A CONCEPTUAL OUTLINE

The Government of India Act, 1935, is widely known as a milestone in the development of Indian Federalism. It introduced provincial autonomy, empowering the units/states through the maxim 'shared rule with self-rule'. This act was the first document to attempt to combine shared Rule (British Rule) and self-rule (Indian Autonomy), or the autonomy of a state. The act implemented the shared Rule by including Diarchy at the Centre, whereas it stimulated self-rule through the inclusion of provincial autonomy. The act directly associated with the conciliation formula 'shared rule with self-rule', which may be regarded as a stepping stone toward building India into a federal and democratic country, as adopted in 1950 by the Indian constitution.

Pointing to this development, Austin (1972) observed that the framers of the Constitution of India established a strong Centre with limited autonomy for the units/states. They have not wished to weaken the state/provincial Government by reducing its power. The constitution-makers of India have opted for a wide scope of power at the Central Level (legislature and executive). They dedicated abundant power to the Centre to make the nation strong by widening the scope of diversity across its cultures, religions, languages, and ethnicities. The state does not have such power to do the same. Directing to the different structural and functional perspectives of the Indian Federalism, K.C. Wheare talk about the 'quasi-federal' nature of the Indian Federalism. He said that the Indian Constitution is neither purely unitary nor purely federal. It is the amalgamation of both unitary and federal features. From a federal perspective, it is called 'semi-federal'. It means a system of Government that combines features of both unitary and federal states. Power has been demarcated between the two governments, but the Centre enjoys more power than the state in certain circumstances as stated by Kumar (2014).

Furthermore, Dr B.R. Ambedkar (Chairman, Constituent Assembly) envisaged that the term 'Federal Constitution' means the system of dual polity/two tiers of Government. There are two authorities in the federal system: the National Authority (the Centre) and the Regional Authority (the state). Both levels of Government enjoy sovereign power in the fields allocated to them by the Constitution, without hampering the jurisdiction of the others (CAD, Vol. 1, 1946). However, it is worth noting that the word 'federalism' is not mentioned anywhere in the Constitution. The Constitutional architects used the term Federalism in another sense, as 'union of states', as mentioned in Article-1 of the Indian Constitution, which recites: "*India, that is, Bharat shall be a Union of States*". There are two perspectives on the concept of 'union of states'. One is that the Indian federation is not an agreement by the units/states, and the second one is that units/states do not have the freedom to secede from the Indian Federation. Pointing to these diverse views of 'union of states', Chatur (2019) speaks about the reason for the adoption of such a kind of federation by the members of the Constituent Assembly. To him, due to external geographical conditions and the country's diverse features, they have not preferred a unitary state for India. They have opted for a federal polity with a constitutional division of power between the Centre and the states, along with greater power being shared with the Centre than with the states (CAD, Vol. 1, 1946). Pointing to this viewpoint, Ambedkar further argued that there are two distinct natures of the Indian Federation: it operates like a federal Government in normal situations, whereas it operates like a unitary state in abnormal conditions. These situations emerged from the supremacy of the Indian Parliament and the centralized features of the Indian constitution, such as single citizenship, supremacy of the constitution, emergency provision, centralized amendment power, single constitution and citizenship, All India services, planning and



policy direction, etc. Kashyap (2010: 53). To apprehend Federal Governance in depth, it is essential to know the structural and functional features of the Indian Constitution.

RESEARCH CONTEXT AND LITERATURE:-

The following are the Review of Literature that critically analyses debates on Indian Federalism, the nature and contemporary challenges of Indian Federalism.

Aiyar and Tilin (2020) have discussed the institutionalized nature of the GST council. The GST council served as the best cooperative federal institution for distributing fiscal power between the Centre and the states. They have also discussed the nature of the compensation disputes regarding the Centre's suspension of MPs' funds during the Covid-19 pandemic. It also converses fiscal asymmetries during the pandemic.

Austin (1966, 1999) has highlighted the cooperative nature of the Indian Federalism where he viewed that Indian federalism, viewing it as a device to uphold national unity and social revolution. He has analyzed the different dimensions of cooperative federalism by highlighting shared goals rather than strict constitutional distributions of powers.

Bhattacharyya (2026) has examined the geneses, institutional foundations, and changing dynamics of Indian Federalism. It critically examines the changing nature of Indian Federalism, the role of the judiciary in Indian Federalism, and the Inter-State Councils. It specifically studies the changing perspectives of political economy within the Indian Federal system and the Indian party system. He also examined the structural issues that have developed in contemporary India under structural pressure.

Debroy (2018) has explicated the nature of competitive and Cooperative Federalism in India. After the Planning Commission was replaced by NITI Aayog, the nature of Indian federalism has changed. A Competitive Federalism has emerged between the Centre and states. He argues that competition is essential, enhancing the state's efficiency while also widening regional disparities.

Iyer (1994) has discussed the failure of Cooperative Federalism in India in the context of the river water dispute. He has elaborated on the Cauvery and Krishna River Water Dispute, where the Centre failed to maintain cooperation between the Centre and the states. There are delays in the tribunal's judgment. There is a weak prosecution process in the functioning of the River Water Tribunal in India.

Jones (1967) has articulated about the bargaining nature of Indian Federalism and introduced the concept of 'Bargaining Federalism'. He has emphasized the diverse perspectives of political negotiation between the Centre and states.

Khan (2018) has discussed the diverse dimensions of Indian Federalism in relation to its fiscal imbalance. He has examined the transfer of fiscal powers, the role of the Finance Commission, the scope of revenue sharing, and the role of the GST Council in transforming the fiscal nature of Indian Federalism.

Rao and Singh (2005) have discussed fiscal devolution and vertical imbalances in Indian Federalism. It discusses the fiscal federalism framework, federal bargaining and its political institutions, and the roles of the Finance and the Planning Commission in the Centre-state relationship. They further argue that, due to the Centre's centralized role in fiscal matters, the state loses its autonomy in the fiscal domain.

Reddy (2017) said that the introduction of the Goods and Services Tax (GST) is a new tax in India to streamline fiscal federalism in India. The 101st Constitutional Amendment Act, 2017, introduced it. GST has created a new space to promote tax harmonization and also reduces the independence of the state in the fiscal domain.



Sahu (2022) discussed the nature of the Indian constitution in light of the contemporary challenges faced by Indian Federalism. Federal issues have been discussed, including the implementation of CAA-NRC, the emergence of River Water Disputes in India, the Politics of new state demands and their constitutional challenge to Indian Federalism, federal challenges in handling the Covid-19 pandemic.

Sharma and Swenden (2018) have discussed the post-2014 development of Federal dynamics in India. It examined Centre-state relations under the BJP-led Narendra Modi Government. It highlights the economic reforms at the micro levels in India, the changing nature of single-party (BJP party in 2014 General Election) dominance after the Congress party, and its relations with the states. It highlighted the political economy of the Indian Federal system and its specific role in the ethno-linguistics conflicts within Indian Federalism.

Stepan (1999) has discussed the holding-together nature of Indian federalism, which has been termed a holding-together federation. It has been analyzed that the federal system of governance was adopted to prevent disintegration rather than a system of voluntary aggregation of federal units. A distinction has been made between the disintegration and voluntary aggregation of the Indian federal system.

Wheare (1963) has discussed the characterized of India as a "quasi-federal state with a strong unitary bias". He has examined the constitutional provisions on the Centre's supremacy during an emergency. It also discusses the role of the Centre in the field of residuary power.

RESEARCH QUESTIONS:-

- A. What are the Meaning, Definition and Nature of Federalism?
- B. What are the factors responsible for the growth of Indian Federalism?
- C. What are the Constitutional Provisions, Structural and Functional features of the Indian Federalism?
- D. What are the major challenges of Indian Federalism that have emerged in the 21st Century?
- E. Does the Federal Government succeed in responding to the crisis that has restructured Indian Federalism?
- F. What are the prospects of Indian Federalism?

METHODOLOGICAL FRAMEWORK:-

The study is qualitative and analytical in nature. So far as the research design is concerned, it employed a descriptive-analytical method, in which political practices in Indian federalism and various changes in the constitutional system have been discussed. In the analysis, Content Analysis has been used to examine constitutional and legal documents and policy responses. The study also followed a Case Study approach, in which the implementation of the GST, the federal response to the COVID-19 pandemic, and the implementation of CAA-NRC were discussed. The study used both primary and secondary data. During the writing of the paper, it draws on primary sources such as constitutional provisions, reports of the Government, various Supreme Court judgments on Federal issues, official documents of the Central and State Governments, and the Government's new Policy initiatives. During the collection of Secondary Data, sources include books, research articles on Indian Federalism, periodicals, journals, scholarly commentaries, and newspapers on the federal issues of India.

INDIAN FEDERALISM: STRUCTURAL AND FUNCTIONAL FEATURES

The architects of the Indian Constitution designed a federal scheme constitutionally, with larger power to the Centre. However, the following are the structural features of Indian Federalism.

1) Provision of a Written Constitution



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- 2) Scheme of Constitutional Distribution of Power
- 3) Provision of two sets of Government/Dual Polity
- 4) Constitutional Supremacy
- 5) Independence and Impartiality of Judiciary
- 6) Central Bicameral Legislature
- 7) Constitution is Right in Nature

With the above-mentioned structural features, the Indian Federalism performs its functions at both the Central and state levels. For that purpose, it is essential to understand the functional features of Indian Federalism. Though the structure features, it elucidates the pattern/design of the Indian constitution whereas its functional features speak to the practical side of Indian federalism, or its workings in practice. In India, the federal system works through the cooperation and coordination between the Centre and the states through the three patterns of relationships:

- 1) The Pattern of Legislative Relationships between Centre and States.
- 2) The Pattern of Administrative Relationships between Centre and States.
- 3) The Pattern of Financial Relationships between Centre and States.

NEW CHALLENGES IN A TRANSFORMING FEDERAL POLITY:-

With the above three patterns of relationship between the Centre and the state, Indian Federalism faces some conflicts and controversies in its practical application due to changing policies, amendments, and the development of new institutions by the Central Government. The following are some areas of conflict/controversy in the proper functioning of Indian Federalism.

- 1) Rise of Regional Feeling among Regional States or any part of them.
- 2) Uneven Dissemination of Power
- 3) Non-appearance of Fiscal Autonomy of the State
- 4) Language Disputes among the Regional Governments
- 5) Issue of Politicisation of Religion
- 6) Question of Dual Citizenship in the Federal System
- 7) Developmental Planning and various Schemes by the Centre.
- 8) Amendment Power by the Centre.

Despite these conflicts, there are new or emerging challenges to the Indian Federal Polity which are outlined below.

Indian Federalism and the Politics of New State Demands:-

One of the prominent issues in federalism is the politics of new-state demand by states or regions. There were a greater number of demands for new states due to a sense of inequality by the Union Government. The states did not wish to maintain the national feeling with the Centre and sought to secede from the Centre, demanding a new state within the Indian union, which is an emerging challenge for the Indian Federation. A small voice for separate statehood has emerged as an issue, developed by political parties, pressure groups, regional groups, and various cultural identities (Sreenivas, 2018, p. 836). One of the best examples is the formation of Telangana, where regional feeling was one of the most vibrant issues. In the words of Agrahari (2014), the demand for new statehood rose significantly due to discrimination within regional sectors and the lack of development across all states. This new demand for statehood is under stress from the Federal Government. Similarly, another scholar, Suri (2016), argued that in a country like India, the politics of new statehood emerged due to factors such as inter-regional imbalance and the leadership of regional leaders. They tried to articulate their agitation and protect their state or region through political ideologies to gain separate statehood. The creation of Telangana is a current example of achieving statehood through a long journey of protests, agitations, and the active leadership of local leaders and



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the people of the state. It received statehood status on June 2, 2014, on linguistic grounds. After that, new and old demands for statehood were raised by various states through agitation, protests, etc.

The demand of Vidharba state within Maharashtra is one of the greatest challenges to the Federal Government. The statehood demand was raised due to inter-regional imbalance and the region's underdevelopment. Similarly, the demand for Gorkhaland in the Darjeeling District of West Bengal is another challenge for the Federal Government. The demand was raised due to the underdevelopment of the hill area of the Gorakhaland region. The state of Assam is also now demanding a new state, i.e., Bodoland, due to underdevelopment in the tribal areas of the Bodo community. In Western Odisha, the demand for a Koshal state is another burning issue in Indian Federalism, where people seek a new state due to regional imbalances in administrative, social, economic, and political fields. They are demanding the Koshal state based on the Koshli/Sambalpuri language. In response to the state's demand, 42 organizations were active in the agitation and protest. A political party, Koshal Kranti Dal (KKD), was also formed in 2017 to advance the statehood demand (Srinivas, 2018, pp. 837-838). These demands of the states are just like an aggressive regionalism, which is a menace to the nation-building and Indian Federalism. Some leaders of the KKD were Shri Devid Bariha from (Nuapda Jharbandh), Shri Saroj Pradhan (Sikaripali, Jharbanda), Shri Mahesh Panda and Shri Ajit Satpathy from Padampur, who were directly involved in the demand for the Koshal state in the western part of Odisha. Former MLA from Loisingha (Bolangir), Shri Bal Gopla Mishra and Dr. Murari Mishra, former MLA from Melchamunda Constituency, are also involved in the movement.

River Water Disputes and Indian Federalism: Constitutional Challenges and Cooperative Failures

In a country like India, river water is interstate because rivers flow across states. The interstate dispute developed when numerous states were correspondingly dependent on the same river systems. Other factors in the dispute include the water shortage at the middle and tail ends of the river, where the riparian states have raised their voices. Put differently, interstate water conflicts arose when the upper riparian state disrupted water flows to the lower riparian states through water projects or river water diversions. It is a conflict between the upstream and downstream state (Swain, 1998, p. 169). Since independence, India has witnessed numerous interstate water conflicts that remain unresolved. It is prolonged due to the multifarious dimensions of the issue, the greater demands of the states, and the politicization of river water disputes. The conflicts have not only distressed the water rights of the riparian states but also the true spirit of Indian Federalism. The inert-state water conflicts are one of the 'federal dilemmas' that connote state autonomy over water resources vs. union intervention; cooperative vs. confrontational federalism; development vs. equity; legal adjudication vs. political intervention; and central neutrality vs. political constraints. This nature of Federalism gave space for federal challenges and the failure of Cooperative Federalism. Water conflicts are the product of stakeholder participation, political parties, political leaders, and private interests in water issues. One issue is the Krishna-Godavari water conflict, which is intertwined with the political economy of river water. The states (Maharashtra and Karnataka) are directly involved in developing their respective economies. (Acharya, 2000).

The selfish interests of the political party of the disputant states encircle the river disputes in India. They used the water conflict as a political weapon to harvest an election strategy. There is political opportunism in the water issue, driven by regionalism, in which the disputant states share regional feelings tied to the water issues. Due to political realities and regional aspirations, the disputant state is fighting for water rights. There are ambiguities in the demarcation of power over water between the Centre and the states, because the word 'water' is mentioned in the state list (Entry-17), whereas the interstate water dispute is mentioned in the union list (Entry-56). So, there is a political interpretation of the term's use.

In River Water Disputes, the water tribunal faces delays in adjudicating the issues, undermining the constitutional efficiency. The Krishna and Godavari River Waters Tribunal was similarly established in 1969, and the final awards were given in 1973 and 1979, respectively. Similarly, the Narmada Water Disputes Tribunal was constituted in 1969, and its final award was given in 1979. The Cauvery Water Disputes Tribunal was formed in 1990, and the final award was given in 2007, subject to its modification in 2018. The Vamsadhara Water Disputes Tribunal was constituted in 2010, and its final award was issued in 2017. The Mahanadi Water Disputes Tribunal was formed in 2018, and its final award not yet delivered.



In these matters, the tribunal violates constitutional principles, posing a greater challenge to Indian Federalism. Due to political considerations, the tribunal was unable to deliver the final report. So, there is fragility in the tribunal's enforcement process. In the Inter-State Water Dispute, there are federal conflicts. When the disputant states or the Centre did not resolve the Cauvery Disputes, the matter was referred to the Supreme Court. Similarly, in the Mahanadi Water Dispute, when the Centre declined to form the MWDT, Odisha moved to the Supreme Court, and the tribunal was finally formed in 2018.

In the Interstate River Water Disputes, there are also failures of Cooperative Federalism. In many water disputes, river boards, as federal institutions, failed to facilitate dialogue among the disputing states. So, there is a failure of dialogue in inter-state water-related matters. The Federal Government faced challenges in collecting hydrological data from the disputant states, as the Centre failed to provide federal judgments on the issues. So, river water disputes epitomizes complex test in the practice of Indian federalism.

Goods and Services Tax (GST) and Indian Federalism: Constitutional Challenges

The operation of the Goods and Services Tax or GST is a new roadmap for transforming the nature and scope of fiscal federalism in India. It was introduced by the 101st Constitutional Amendment Act, 2016. Its primary objective is to make an integrated national market. There are three articles dealt with the structure and functions of GST. Article 246 (taxing powers of both Union and States), Article 269 A (GST collection on Inter-State Trade matters), and Article 279 A (Formation of GST Council). In a nutshell, it can be stated that GST is a new, comprehensive tax system in India that is diverse in nature. Its principle objectives is to create a platform, i.e., 'One Nation, One Tax'. GST is collected through a multistage system, which is categorized into four types. CGST – Central Goods and Services Tax, SGGST- State Goods and Services Tax, IGST- Integrated Goods and Services Tax & UTGST- Union Territory Goods and Services Tax. After the implementation of GST, there have been some structural changes in the Federal relationship between the Centre and the states. The state enjoys shared sovereignty in a state of fiscal autonomy, in which the state surrenders taxing powers such as VAT and sales tax, but the states do not exercise administrative authority over the fiscal spheres. The Centre centralizes administrative authority to determine GST jurisdiction (Ghosh, 2022).

GST Council is working like an institution of Cooperative Federalism. The Union Finance Minister worked as its Chairman, whereas the Union Minister of State and the Finance Ministers of all states are the members. It is the best institution where negotiation and consensus-building have been achieved between the Centre and the states. It is the best platform for sharing dialogue on fiscal matters between the Centre and the states. Its council has sole responsibility for deciding GST matters (Ananda, 2024). Despite constitutional provisions, there are various constitutional challenges. There is a complete erosion of state financial autonomy, as the state loses its taxing powers. The state always depends on the GST Council's decisions. Due to Central dominance, there is a possibility of weakening Cooperative Federalism. There are also vertical fiscal imbalances as the Union has more taxing powers than the states. Another significant challenge is the disputes over compensation. There is a delay and ambiguity on the GS compensations in which state faced federal trust. There is also visibility of coercive federalism, as the states are bound to obey the decisions of the Union Government on tax policies. Indistinctness in the jurisdiction of the GST Council Authority is another challenge to Indian Federalism, as the GST Council's decisions are cogent rather than compulsory. So, the state faced federal pressure on the Centre's recommendation on GST policies. Thus, the Goods and Services Tax represents both an opportunity and a federal challenge in India.

NRC-CAA and Indian Federalism: Constitutional and Implementation Challenges:-

In Contemporary India, the implementation of NRC5-CAA has emerged as a contentious issue in the country's political system. It is a fact that the concept of citizenship falls under the purview of the Union Government (Union List), but the implementation of the NRC-CAA falls under the purview of the state government. So, a serious question has emerged recently in India, after the BP-led Union Government announced the enactment of the NRC-CAA. A federal conflict began when four Indian states, such as Kerala, Punjab, Rajasthan, and West Bengal, refused to implement the policy initiatives in their respective states. As a result, competitive federalism emerged when these states passed a resolution opposing the Union



Government's policy initiatives (Citizenship Amendment Act, 2019). Firstly, Kerala is the first state to oppose the CAA. The state argued that the act had violated the principles of equality, freedom, and secularism in Indian states. If this act were implemented in the state, it would violate federal tenets (Rodrigues, 2020). The state moved to the Supreme Court to challenge the constitutional validity. The State Assembly also passed a unanimous resolution on 31st December 2019, requesting the Centre to revoke the CAA in Kerala. Secondly, Punjab state argued that CAA would violate the basic principles of secularism, i.e., India's status as a secular state. The act has been framed by the Union Government applicable for the Hindus, Sikhs, Buddhists, Jains, Parsis, and Christians. It does not apply to Muslims from three neighbouring countries (Afghanistan, Pakistan, and Bangladesh). It makes admissibility for Indian citizenship as naturalisation as per their religious perceptions. It is prejudiced in nature because its jurisdiction extends only to religious discrimination. Kerala state also raised the same voice in their state (Tripathi, 2020).

Thirdly, the Rajasthan state launched a statewide agitation in contradiction of the implementation of the Citizenship (Amendment) Act, 2019. The then Congress Government of Rajasthan moved the Supreme Court to challenge the constitutional validity of the act. The state argued that the CAA is merely a political policy of the BJP-led Union Government and would fail to respect the country's secular foundation. It would not respect the fundamental rights of the Indian Citizens. Ashok Gehlot, the then CM of Rajasthan, stated that the CAA policy initiated by the Centre is purely unconstitutional and would not respect the kernel of Federalism. The state's additional Advocate General, Manish Singhvi, argued that the Central Government's CAA policy would affect citizens' lives, as it is an unfamiliar policy with no significance. It is in contradiction of the true nature of Indian Federalism because the act provides citizenship based on religious identity, which is totally against the secular nature of the Indian constitution. It violates articles such as Art. 14 (equality before the law), Art. 21 (Protection of Life and Personal Liberty), and Art. 25 (Freedom of Religion) (The Hindu, 2020). Lastly, the West Bengal (WB) state Government started an agitation against the CAA, 2019, and urged the Centre to dismantle the act. The State Assembly of WB, along with many members from the State Congress and lefts passed a unanimous resolution to oppose the act in the state. Pointing to the development of the act, Miss Mamata Banerjee, CM of WB, argued that "CAA of 2019 is not a proper policy to check the citizenship. It is not framed as a question of the constitution's suitability. It is not a Hindu-Muslim question; it is an issue of the humanity of the Indian people. It violates the secular nature of the Indian constitution". Criticizing the Centre-led BJP Government, Banerjee said that the implementation of CAA is nothing but a political drama of the Centre. The Centre is totally in favour of dividing the country by implementing this act. Similarly, Swadhin Sarkar (state BJP MLA) said that this act will not affect the country's citizens because it is political in nature. Furthermore, Joyprakash Majumdar (State BJP Vice President) argued that the CAA is a dangerous phenomenon that has no relevance to the National Registration of Citizens because it is neither democratic nor constitutional. It is outlined to disturb the spirit of Indian Federalism. The implementation of this act would result in popular protest (Singh, 2020). Nevertheless, it is noted that these four non-BJP-ruled states have articulated their unwillingness to collaborate in gathering data for the National Population Register (NPR).

Covid-19 Pandemic and Indian Federalism: Stress Test of Centre-States Relations:-

The COVID-19 pandemic is one of the most significant and unprecedented challenges not only to the Federal system of India but also to the global governance system as a whole. As we know, India is a quasi-federal state. During the Covid-19 pandemic, the Federal Government played a leading role in the public health emergency. The Federal Government maintains a cooperative spirit with the state in the delivery of public health services on the other hand, controversies emerged between the Centre and the states on the other because of the implementation of the public health service in the states, though public health comes under the jurisdiction of the state list (7th Scheduled). The Indian Constitution states that India is a union of states; in abnormal situations, it functions as a unitary state, whereas in normal conditions, it works like a federal state. During the pandemic period, the Centre had been criticized for a lack of consultation with the states on matters such as migration and state financial autonomy. The Centre failed to migrate people during the pandemic, as a result of which states criticized the Centre and where states speak about Cooperative Federalism becoming uncooperative or anti-Federalism (Economy and Political Weekly, April 2020).



Another prominent issue that occurred during the Covid-19 pandemic was the decision of Lockdown (phase-1). The Centre had taken this decision without consulting the state. The opposition parties in India, as well as non-BJP-ruled states, have criticized the Centre, saying it is nothing but a monopoly policy of the National Government. Health policies and migration issues were badly affected. Many states argued that health is a state-list item, but the Centre enjoys a dominant role, leaving states unable to exercise their autonomy in that field. Furthermore, the Federal Government had also been criticized by the states for breaching state autonomy, which was most required at that time to tackle the situation. The Centre had also used its monopoly power, instructing the states to adopt state economic and institutional agendas. During the pandemic, the Federal Government suspended the MP -LADS (Members of Parliament Local Area Development Scheme), diverting it to the Consolidated Fund of India without the MPs' prior consent for 2 years. Its primary purpose is to cut off funds to address the challenges and unfavorable impacts of Covid-19 across the entire country (Chhokar, 2020). Directing their criticism to the Centre's singular decision, opposition parties argued that the decision taken during the COVID-19 pandemic is nothing but a challenge to MPs to manage the situation in their respective constituencies. The decision is not democratic in nature and is an unjust step towards the representative (MPS) in general and local voters in particular. Thus, the Federal Government faces the test of stress during the COVID-19 pandemic.

The following diagram clearly outlines the objectives, federal issues, Challenges and their responses in the transforming Indian Federal Polity.

Sl. No	Issue	Objectives	Federal Tensions/Responses	Period
1	Politics of New State Demands and Indian Federalism	Identity and Governance- <ul style="list-style-type: none"> Enhancing administrative efficiency Reducing regional imbalance Prioritizing Developmental Objectives 	Flexible and Accommodative- <ul style="list-style-type: none"> Formation of commissions for state reorganization Reflections of asymmetrical federalism Selective state formation observed (Telangana, Chhattisgarh, and Jharkhand) while demands like Gorkhaland, Vidarbha, and Koshal remain unfulfilled. 	1950s– Present
2	River Water Disputes and Indian Federalism	Resources Sharing- <ul style="list-style-type: none"> Equitable River Water Sharing Balancing Developmental and Agricultural Needs Institutional Resolution of the Disputes 	Tribunal Based – cum- Judicial in Nature <ul style="list-style-type: none"> Establishments of River Water Tribunals. Judicial intervention by Supreme Court Politicization of the water dispute Delays in the Tribunal Adjudication/Pronouncements Development of Conflictual Federalism. 	1950s– Present
3	GST and Indian Federalism	Fiscal Integration- <ul style="list-style-type: none"> One Nation, One Tax Removal of the 	Cooperative with Central bias- <ul style="list-style-type: none"> 101st Constitutional Amendment Act, 2016 	2016– Present



		cascading effect of indirect Tax, <ul style="list-style-type: none"> Enhances tax compliance and revenue efficiency. 	<ul style="list-style-type: none"> Shares decision-making, but the Centre enjoys greater influence It works as a cooperative but speaks more about Fiscal Federalism. 	
4	NRC-CAA and Indian Federalism	Citizenship Regulations- <ul style="list-style-type: none"> Identifying illegal migrations. Strengthening National Security and demographic regulation Legal-institutional Citizenships framework 	Conflictual and Centralized- <ul style="list-style-type: none"> States refused to Implement Limiting State Autonomy Absence of Administrative Non-Corporation Limits of Cooperative Federalism Political Federalism and Centre-state Tensions 	2019–Present
5	COVID-19 Pandemic and Indian Federalism	Crisis Management- <ul style="list-style-type: none"> Protection of Public Health Coordinated National Crisis Response Uniform policies with regional flexibility 	Centralized and Cooperative- <ul style="list-style-type: none"> Centralized response to Crisis Nationwide lockdown by the Union Government States Fiscal under Stress Administrative Constraints on states 	2020–2022

PROSPECTS OF INDIAN FEDERALISM:-

In India, the Federal System of Governance has evolved into a more competitive than Cooperative Federalism. The prospects of Indian Federalism are summarized with some important points of suggestion. Over the years, Indian federalism has progressed with the Cooperative federal system. To ensure the smooth functioning of the federal system in India, Federal institutions like the GST Council, Inter-State Council, and the institution of NITI Aayog should work cooperatively between the Center and states. To foster cooperative attitudes, these institutions shall consult with the Centre and the states in areas of policy-making, which would help to enhance shared Governance. A space is required for finance transfers from the Centre to the states, with federal institutions like the Finance Commission, which could help the states in the sphere of fiscal autonomy. Thus, the future of Indian federalism depends solely on expanded institutional cooperation, which relies on dialogue between the union and the states. Another aspect of Indian federalism is its competitive nature. In India, states compete with one another for economic development. States compete for investments and infrastructure development. For that purpose, there is a need for a decentralized economy that could empower the states with fiscal autonomy. The Federal Government should help states to develop infrastructure under the new economic policy. A space should be created for state investment at both the national and international levels. The future of Indian federalism is governed by vigorous competition, which could help states to develop their regions and drive innovation in public policy.

Unlike Cooperative and Competitive Federalism, Indian Federalism has also progressed in a conflicted manner. Inter-state conflicts occur frequently in Indian Federalism over water resource distribution and territorial disputes. India have best example of it. Inter-state water conflicts are not yet fully solved by the Federal Government due to its varying



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nature and scope. Water conflicts are entangled with party politics, posing a significant challenge for India's federal polity. Many territorial disputes are also not yet solved by the Federal Government. That's why conflicted federalism is going on in Indian federalism. The Federal institutions, such as the Water Tribunal (Art. 262) and the Inter-State Council (Art. 263), should function properly in accordance with the constitutional guidelines to resolve conflicts among the states and between the Centre and the states. These institutions should investigate the matters seriously to ensure a healthy, long-term relationship within the federal system. The prospects of Indian federalism depend on political dialogue and institutional trust among the states, with the Centre playing a leading role amid persistent tensions over diverse federal policies, jurisdictions, resources, etc.

The implementation of the GST has unified India's taxation system, which may be termed a new tax reform in India. It is a destination-based indirect tax in which the states serve solely as revenue-dependent. The GST has shared sovereignty over taxation power. To maintain a healthy federalism, there is a need for institutionalized inter-state discourse and a space for a uniform national market. Tax conflict should be reduced between the states. For that purpose, the GST council should work properly. The future of Indian Federalism depends on the fiscal independence of the states, which will shape the prospects of fiscal federalism in India. Another prominent issue is that in India, the growth of regional parties poses a threat to national integration and the federal system, while their development fosters a sense of regional diversity and aspiration. The Federal Government shall have the duty to locate the regional problems to maintain the federal essence. The development of identity politics is now demanding greater autonomy, which the Federal Government should address. The new states demand statehood status, which the Federal Government could grant to fulfill their demands. The future of Indian Federalism can be highlighted by addressing regional issues to promote regional development and continue to strengthen the federal spirit. It is the duty of the Federal Government to accommodate the diversity with many emerging challenges to the federal system of India.

The institution like Judiciary plays a significant role in maintaining federal balance, serving as a neutral umpire. The judiciary maintains equilibrium in the practice of Indian Federalism when conflicts arise between the center and the states in the arena of the distribution of power within the three federal lists: the Union List, the State List, and the Concurrent List. The Supreme Court of India plays a vibrant role in resolving inter-state or Centre-State conflicts under Article 131 of the Indian Constitution, where the judiciary prevents political intensification and preserves the practice of Cooperative Federalism. The future of Indian federalism can be measured by highlighting the role of the Judiciary as the interpreter and guardian of federal equilibrium, maintaining unity at the national level and autonomy at the regional level. Another issue is the development of the federal practice in the era of Globalization. There are significant changes in India's economic integration and Digital Governance system. In the 21st century, the practice of federalism has become more networked and technologically interceded. In the globalized world, the Federal Government has signed many trade agreements and climate commitments, which strengthen its role at the international level, whereas the states/units follow the principle of Para-diplomacy (global partnerships) for trade and investment and to create a space for market-oriented federalism in India. In India, Digital Governance plays a pivotal role in restructuring administrative federalism by introducing digital platforms such as Aadhaar, UPI (Unified payments Interface), DigiLocker, and GSTN (Goods and Services tax Network). This platform can help states in their digital relations with the Federal Government to maintain Cooperative Federalism, which may be termed 'networked federalism'. The future of Indian Federalism can be described by the vision of technologically based governance that should be adaptive and resilient. The new platform of India i.e. Digital India is the best example of maintaining a Cooperative Networked Federalism. The current practice of Indian Federalism is also guided by the development of Artificial Intelligence (AI) tools. It helps the Indian Federal System to design policies, determine service delivery techniques, and define the levels of power exercised by the Government. Generally, it extends the Government's capacity to deliver public services and provides a digital platform. The Federal Government has used this tool across health, agriculture, and taxation system. The State Governments are also using the AI tool's Traffic Management, Crop Prediction, and Governance of Smart City in the state. The prospects of Indian Federalism can be examined by fostering a sense of Cooperative Federalism through data sharing between the Centre and states, using AI standards, ethics and its various tools.



CONCLUSION:

In light of the above discussion, it is evident that Indian Federalism is not stagnant but vibrant, adapting to changing circumstances and evolving needs. Its tenacity remains strong due to constitutional flexibility, political diversity, and judicial bungle. Theoretically, Indian Federalism speaks to many things, but in practice, there are many gaps that pose core challenges for it. To resolve those challenges, it is not a simple task for the Federal Government because of the varying nature of issues, demands and policies, etc. So, we can say that, in this critical juncture, Indian Federalism operates under Competitive and Conflicted Federalism rather than Cooperative Federalism. Indian Federalism has been theorized from its inception as a 'Union of States', but its functions have now been shifted to a dynamic and adaptive political arrangement shaped by new judicial interpretations, socio-economic change, and political developments. It may be taken into consideration that the Indian Constitution is quasi-federal in nature (K.C. Wheare) with a provision of strong Union, but over time, this system has established two features: resilience and flexibility to response the current democratic burden, transformation of the Global Systems, and new demands and regional aspirations of the states.

In the transforming federal polity, India's Federal structure faces new contemporary challenges that require immediate attention. The rise of the controversial CAA issue is opposed by people across the territories and, afterwards, by the political leaders of non-BJP states. It is only because of relying on the anti-constitutional character. The Kerala state argued that CAA has disturbed the principles of equality, freedom, and secularism among Indian states, whereas Punjab, Rajasthan, and West Bengal states contended that CAA has dishonored the basic doctrines of secularism in India. In issue, the Federal Government failed to maintain the federal spirit.

In the context of the River Water Dispute, the Federal Government was unable to resolve the issue due to its political and varying nature. Despite the water politics in the interstate water dispute, it is the duty of the disputant states to engage in the process of dialogue without diverting the water issue to the political battlefield. They should be busy with the politics of dialogue, not the politics of water. For that purpose, a data-sharing mechanism is highly required, and the Federal Government should be active in carrying out that task. The formation of a permanent tribunal under the Interstate River Water Disputes (Amendment) Act, 2019, is a new proposal by the Union Government to resolve the long-standing river water disputes in India. If this proposal succeeds in the future, then it would be the best mechanism to solve the water conflict in India.

In India, the demand for new states is dynamic and evolving because it is based on regional disproportion, political mobilization, resource conflicts, and cultural identity. It is not a threat to the nation but a new appearance of democratic federal negotiation. So, Indian Federalism must address these challenges to balance unity with diversity. If Indian federalism succeeds in managing through cooperative and consultative perspectives, it will be best for the Federal Government to strengthen democratic expansion, administrative efficiency, and development with identity.

The Covid-19 pandemic presents an unparalleled test of stress for Indian Federalism. Despite the fact that Federalism is quasi-federal in nature, the Union Government enjoys supremacy during the pandemic, while the states enjoy the test of time in the context of state autonomy for handling health matters and administrative flexibility to look into the matter within their state jurisdiction. There was a uniform policy on declaring lockdowns by the Central Government, with states losing their autonomy in fiscal matters. There were fiscal imbalances throughout the country due to the economic slowdown. Despite these, the COVID-19 pandemic did not test the weaknesses of Indian Federalism, but it reinforced intergovernmental consultation through institutional mechanisms and prioritized health infrastructure.

Similarly, the enforcement of GST in Indian financial relationships is a new policy for fiscal transformation with a new vision: 'One Nation, One Tax'. It's shifted the dual taxation system to a shared one. The creation of the GST council emerged as a cooperative federal institution that symbolizes cooperative decision-making in the distribution of fiscal administration. There was larger transparency and consensus-building, and a balance was maintained between India's economic integration and the state's fiscal autonomy. For the smooth functioning of the GST in India, there must be Collaborative Federalism and political trust between the Centre and states. However, to maintain healthy federal relations



in India, there must be a healthy trust-based teamwork between the Center and the states in the Legislative, Administrative, and Financial spheres. Both Governments should respect the federal spirit in their practical side.

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