

Centre-State Relations

[UPSC Notes]

What are Centre-State Relations in India?

The constitution of India follows the federal structure and divides all of its power between the Centre and the states. The powers are divided between Centre-State Relations in the form of the executive, legislative, and financial powers. However, it should be noted that the Judiciary powers are not decentralised to the states as, according to the constitution of India Judiciary system is an integrated form of power for the entire nation.

The Centre and state act supreme in their specific domains; hence, they are expected to maintain harmony and balance at a larger level. Therefore the constitution of India has certain provisions that help to regulate Centre-State Relations on various dimensions.

Types of Centre-State Relations

The Centre-state relations are majorly divided into three roles which are-

1. Legislative relations
2. Administrative relations
3. Financial relations

Let's discuss all three of them one by one in detail.

Centre State Legislative Relations

The legislative relations between the Centre and state are discussed in Articles 245 to 255. Like ideal federalism should go, the Centre and state are discussed in Articles 245 to 255. There are four aspects of Legislative relations.

Territorial Extent of Centre and State Legislation

- The Parliament of India is authorized to make the laws that will be implemented on the entire territory or some parts of the territory of India. This territory of India includes all the states, union territories, and the areas included in the territory of India tentatively.
- The state can make and impose the laws within the boundaries of a state. The implied law can be applied to either the whole of the state or the part of it.
- The parliament is authorized to make extraterritorial laws that can apply to Indian citizens and their property in any part of the world.

Exceptions to the laws of Parliament

The President of India can make the legislation keeping the peace, good governance, and progress in the 5 union territories. These are Daman and Diu, Lakshadweep, Dadra, and Nagar Haveli. The legislation made by the president is equal to that of Parliament. The president can repeal or make amendments to any of the acts implemented by the Parliament of India concerning these 5 union territories.

Centre-State Relations -Distribution of Legislative Subjects

The constitution of India has provided a three-fold distribution of Legislative subjects between the Centre and the state. These are based on List 1, which deals with the Union, List 2, which deals with the state, and List 3, which deals with the concurrent list in the 7th schedule.

- The Parliament of India has the authority and powers to make the laws concerning matters like defence, banking, communication, trading, audit, Foreign Affairs, etc., enumerated in the union list.
- The state legislature has the power to make losses related to the matters like maintaining law and order, public health and sanitation, agriculture, police, etc.
- The Parliament and the state are eligible and authorized to make laws concerning matters like criminal law, civil procedure marriages, divorce population control, electricity, social planning, drugs, etc.
- The constitution of India gives predominance to the union list over the state and concurrent list. And similarly to that of the concurrent list over the state list. Thus, if the situation of overlapping occurs between the Union and State, the former would be given preference. The former will prevail again if the overlapping occurs between the concurrent and union lists.

Parliamentary Legislation in Centre-State Relations

The constitution gives powers to the parliament to make the laws on any matter in the state list under the five extraordinary circumstances.

- **When Rajya Sabha Passes a Resolution:** If Rajya Sabha mandates the Parliament to make laws for the state in matters like GSTs, then in such cases, the Parliament of India becomes competent to make any type of law in such related matters. This type of resolution needs to be passed with the majority of two-thirds of the votes of members present in the parliament.
- **During National Emergency:** The proclamation of legislation during a National Emergency is operational. However, the laws get into operation 6 months after the ceasing of emergency.
- **When State Makes a Request:** When two or more States want to pass a resolution on some common matter, then in that case, they can request the Parliament to enact those laws in the state list for regulating the matter. It should be noted that the law passed will be applied and enacted in the states who have passed the resolutions.
- **To Implement International Agreements:** The Parliament has got the authority to make and enact laws on matters related to international treaties, conventions,

and agreements. The central government can fulfil its international commitments and obligations with this authority.

- **During President's Rule:** If the president's rule is imposed in a state, the Parliament still has the powers to make the laws on any matter related to the state. The law made by the parliament will be operative even when the president's rule is over. Here it should be remembered that such law can be altered or re-enacted by the state legislature.

Centre's Control Over State Legislation

Apart from the parliament, the constitution allows the central government to exercise some control over the state legislation.

- The Governor has the right to reserve the bills which are passed by the state legislature. These bills are presented for the president's consideration (where the president has an absolute veto on them.)
- The Centre is authorized to instruct or direct the states to reserve the financial bill. The state legislature passed this bill to keep them under the president's consideration during a financial emergency.
- The bills on some issues enumerated in the state list can be introduced in the state legislature only with the former sanctions of the president.

Centre State Administrative Relations

Go through the detailed Centre-State Relations in the administrative roles.

Distribution of Executive Powers

Executive powers have been divided between the Centre and the state. These extend to the whole of India on two major grounds-

- a. On the matters in which the Parliament has the exclusive power of Legislation.
- b. For exercising the rights, the jurisdiction and authority conferred on it by some agreements.

The obligation of States and Centre

The constitution has placed restrictions on the states for the executive powers to leave room for the central government to exercise and implement their executive powers unrestrictedly. Therefore, the executive powers of the state should be practised to ensure coordination with the laws made by the Parliament of India. It should not impede the executive powers of the central government in the state.

Centre's Direction to States

The central government has got the right to direct the state for exercising of the executive powers under the following cases-

1. The construction of the means of communication is important from the national or defence point of view.

2. Cases related to the protection and maintenance of the Railways in the states.
3. Allowing usage of the common language (mother tongue) to the students at the primary age of schooling.
4. Preparation and application of the schemes related to the scheduled tribes in the states.

All-India Services

In a federal country like India, there is a separate administration system too. The state and the Centre have separate administrative bodies for maintaining law and order. However, the most important administrative bodies- the IAS, IPS, IFS, and IES are bodies that serve the state and Centre, turn by turn.

Indian Civil Services was replaced with the Indian Administrative Services, and Indian Police was replaced by the Indian Police Services in 1947. The third major category was added in 1966, i.e. the Indian Forest Services.

Exception for the All India Services-

The provision of the All India Services is against the rule of federalism, but still, it is supported by the facts that-

- The All India Services help balance the administration at the Centre and state levels.
- All India Services helps maintain the administration's uniformity throughout the country.
- All India Services facilitate the liaison on the issues of the common interest of the State and Centre.

Public Service Commissions

Public Service Commissions are specially created for the state. Therefore, the working bandwidth of the Public Service Commissions administrators is limited to states.

- There are mixed roles of the Centre and state in PSC, as the governor of the state appoints the chairman and the commission members, but the President of India can remove them.
- On the special requests made by two or more states, there is a provision in the constitution that empowers the parliament to create a Joint Public Service Commission(JPSC) whose chairman and members will be appointed by the President.
- The UPSC can assist the Public Service Commission if the governor makes a special request (only with the consent of the President).
- The USPC helps the states to frame and Operate the scheme of joint recruitment for any services.

Integrated Judicial System

Earlier in this article, we discussed that there is no provision for the decentralization of powers in the Judiciary System. Still, the constitution has established the Supreme Court at Union and state high courts. This step was taken to reduce the diversities in the remedial procedures.

The President of India appoints the High Court Judges after consultations with the Chief Justice of India and the Governor of State. Interestingly, there is a provision for establishing a common High Court for two or more states. For example,- Maharashtra-Goa, and Punjab-Haryana have common High Courts.

Centre-State Financial Relations

The Centre-State Financial Relations are divided on certain parameters as-

Allocation of Taxing Power

The taxation powers between the Centre and state are divided in the following ways-

- The Parliament can levy taxes on the 13 subjects enlisted in the union list.
- The state can levy the taxes on 18 subjects on the state list.
- The concurrent jurisdiction isn't available for taxation.
- A special exception tax for the Goods and Services Tax has been added with the 101st Amendment Act of 2016.

Distribution of Tax Revenues

The distribution of taxes between Centre and state is as follows-

- Taxes are levied by the Centre but collected by the states under article 268. The taxes under this category include the stamp duty on bill exchanges, cheques, transfer of shares, etc.
- Taxes are levied and collected by the Centre but are assigned to the states under article 269 on sales and purchase of goods or consignment of goods in commerce.
- Imposing and collection of GST in the course of interstate commerce under article 269A.
- The taxes are divided and collected by the Centre but distributed among the state and Centre under article 270.
- The taxes which are imposed are collected and kept with the state itself.

Distribution of Non-Tax Revenues

Centre-State Relations for non-tax revenues are mentioned below.

For the Centre

- Banks
- Information and broadcasting
- Currencies

- Post and telegraphs
- Railways
- Central and public sector enterprises
- Escheat and lapse
- Other types of non-taxes revenue

For the States

- Irrigation
- Fisheries
- Forest
- Public sector enterprises
- Escheat and lapse
- Other types of non-taxes revenue

GST

The goods and services tax was implemented with the 101st Amendment Act of 2016. It aims to make the administration of goods and services smooth and efficient process. The President of India is empowered to constitute a GST council under article 279A. The GST council is a joint forum for Centre-State at common ground.

Finance Commission

The finance commission is a judicial body under article 280. The finance commission is constituted after every 5 years by the president of India with some recommendations. It is important to add the recommendations in each revision. The constitution considers the finance commission to be the balancing wheel of fiscal federalism.