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FEDERALISM

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GS 2

Syllabus: Issues and challenges pertaining to the federal structure

Issue: Federalism during Covid

What is cooperative federalism? To what extent the Centre and the states were able to tackle the Covid19 pandemic.

Cooperative Federalism is a concept where various states cooperate with each other and with the Centre to achieve the goal of growth, development of the states and the nation.

They cooperate in working out details concerning which level of government takes responsibility for a particular area and create policy in that area.

Cooperative Federalism put forward the view that the national and state government are partners in exercising Governmental Authority.

Joint response during Covid19 Pandemic

- **Centre and states worked jointly** under The Epidemic Diseases Act (EDA), 1897 and the National Disaster Management Act (NDMA), 2005.
- **Consultative and consensus based** approach between the central and state executives. For example the Prime minister has a series of interactions with the Chief ministers of states.
- **Even though health** remains a state subject, infectious disease control is in the concurrent list which requires both to cooperate and support each other.
- **The NDMA** has empowered **both central and state** govts to impose lockdown and regulate people and goods nationwide.
- **Central ministries of Home and Health developed many protocols** yet states are allowed to be autonomous enough in their own ways.
Example: Kerala, Odisha and Rajasthan have developed their own models. Even the district administrations in Agra and Bhilwara has their own broad framework which exhibit further decentralization.
- **Vaccination:** After initial confusions, Centre and states joined hands together for free vaccination for all Indians.
- **Financial** cooperation enabled state governments to expand their borrowing limit under FRBM act for enhanced expenditure.

Fissures in Cooperative federalism during Pandemic

- **Centre's despotism:** The NDMA act requires creation of a national plan under section 11 and mandatory state consultation under section 11(2) before formulating the national plan. But both these sections were not followed in the case of zone classifications into 'red' and 'orange' and giving guidelines to states. Another example is there was no prior consultation with states before the lockdown was imposed on 25th march 2020.
- **Lack of funds:** Chief Minister's Relief Fund cannot avail CSR exemptions which will divert potential state revenues to PM –CARES fund which has CSR exemptions. And state's revenue has declined due to liquor ban, negligible sale of petrol/diesel and no land dealings and registration of agreements. GST collections are not disbursed to states. So, the overall financial stability of the state has been injured.
- Centre had the sole responsibility to regulate production and distribution of vaccine and oxygen but there were instances where states complain about-
 - discrimination on distribution of the vaccination, supply of medicines, availability of oxygen, etc.
- Initially vaccination policy, seeks to pass the burden on to the states as it makes the states responsible to procure vaccines directly from the producers and allows for differential price-setting.
- Lack of cooperation between centre and states created an interstate migrant crisis during the pandemic.
- **Ineffective** inter-state council: it has become a platform of talks with less progress on real issues. Its role was more passive at the time of pandemic.
- **The** centre has invoked the Epidemic Diseases Act and the Disaster Management Act, some provisions introduced **centralizing of powers** to deal with the pandemic. Initially Centre issued binding guidelines without proper consultation with states.
- During the first wave, the Centre followed unilateralism and overtly centralised response whereas in the second wave it was unilateral decentralisation.

Way Forward

- **Relaxing FRBM Norms:** Further relaxation regarding the market borrowings by the states is a good step to overcome financial stress.
- Borrowings by states can be backed by sovereign guarantee of centre.
- Centre would communicate extensively the best practices across states, address the financial needs effectively, and leverage national expertise for scalable solutions.
- The **inter-state council** should be strengthened as a centre for effective consultation ,coordination and cooperation.

- Management of disasters and emergencies (both natural and manmade) can be included in the List III (Concurrent List) of the Seventh Schedule.

FEDERALISM:

Definition: Federalism is a **system of government in which powers have been divided between the Centre and its** constituent parts such as states or provinces.

Indian federalism refers to the relationship between the state government and the union government.

Constitutional Provisions:

- Article 1 of Indian constitution refer India as a **Union of states**
- The term **Federalism** is nowhere mentioned in the constitution.
- The distribution of legislative powers has been divided into three lists: the Union List, the State List and the Concurrent List. The Union List, comprising the “vital interests of the State”, is the longest.

Characteristics of Indian Federalism:

- India follows a Quasi federal structure similar to the Canadian model.
- Quasi-federal is a government system where the distribution of powers between the Central government and the state government are unequal. (centralizing tendency)
- Federalism is part of the Basic Structure of the constitution.

Based on the relationship between the central and state government–the concept of federalism is divided into- **Co-operative federalism** and **Competitive federalism**

Cooperative Federalism:

- In Cooperative federalism the Centre and states share a horizontal relationship, where they “cooperate” in the larger public interest.
- It is an important tool to enable states’ participation in the formulation and implementation of national policies.
- Union and the states are constitutionally obliged to cooperate with each other on the matters specified in Schedule VII of the constitution.
 - examples for cooperative federalism are NITI Aayog, GST council, Inter state council, Zonal councils .

Challenges to Cooperative Federalism:

- Despite clear demarcation of powers under the constitution, the centre possesses overriding powers . eg :unilateral lockdown under Epidemic Act and Disaster management act.
- Disparity in taxation powers.
- Terms of reference for devolution of finance under 15th finance commission was a point of contention between centre and states.
- Several issues such as **trust deficit and shrinkage of divisible pools** affect Cooperative Federalism.

Competitive Federalism:

- In Competitive federalism the relationship between the Central and state governments is vertical and between state governments is horizontal.
- This idea of Competitive federalism gained significance in India post 1990s economic reforms.
- Competitive federalism is not part of the basic structure of the Indian constitution.

- **Issues with Competitive Federalism**

- The socio-economic parameters and development of each State in India is different and while a few have made substantial progress in terms of employment, literacy and creating a conducive environment for doing business and investments, there are a few which are lagging.
- There are varied economic patterns in different states. There are deficit states or the backward regions or the states under debt. Those states should not be treated on par with the well-off states. The states like West Bengal, Bihar, Orissa, and Assam have protested against the uniform approach.
- The opposition of few well-off states with respect to **revenue loss in implementation of GST system** points that there is a lack of will in participating in the process of competitive federalism.

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