

# INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS



Open Access, Refereed Journal Multi Disciplinary  
Peer Reviewed Edition :

[www.ijlra.com](http://www.ijlra.com)

## **DISCLAIMER**

No part of this publication may be reproduced or copied in any form by any means without prior written permission of Managing Editor of IJLRA. The views expressed in this publication are purely personal opinions of the authors and do not reflect the views of the Editorial Team of IJLRA.

Though every effort has been made to ensure that the information in Volume 2 Issue 7 is accurate and appropriately cited/referenced, neither the Editorial Board nor IJLRA shall be held liable or responsible in any manner whatsoever for any consequences for any action taken by anyone on the basis of information in the Journal.

Copyright © International Journal for Legal Research & Analysis

IJLRA

## **EDITORIAL TEAM**

### **EDITORS**



### **Megha Middha**

*Megha Middha, Assistant Professor of Law in Mody University of Science and Technology, Lakshmangarh, Sikar*

*Megha Middha, is working as an Assistant Professor of Law in Mody University of Science and Technology, Lakshmangarh, Sikar (Rajasthan). She has an experience in the teaching of almost 3 years. She has completed her graduation in BBA LL.B (H) from Amity University, Rajasthan (Gold Medalist) and did her post-graduation (LL.M in Business Laws) from NLSIU, Bengaluru. Currently, she is enrolled in a Ph.D. course in the Department of Law at Mohanlal Sukhadia University, Udaipur (Rajasthan). She wishes to excel in academics and research and contribute as much as she can to society. Through her interactions with the students, she tries to inculcate a sense of deep thinking power in her students and enlighten and guide them to the fact how they can bring a change to the society*

### **Dr. Samrat Datta**

*Dr. Samrat Datta Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Samrat Datta is currently associated with Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Datta has completed his graduation i.e., B.A.LL.B. from Law College Dehradun, Hemvati Nandan Bahuguna Garhwal University, Srinagar, Uttarakhand. He is an alumnus of KIIT University, Bhubaneswar where he pursued his post-graduation (LL.M.) in Criminal Law and subsequently completed his Ph.D. in Police Law and Information Technology from the Pacific Academy of Higher Education and Research University, Udaipur in 2020. His area of interest and research is Criminal and Police Law. Dr. Datta has a teaching experience of 7 years in various law schools across North India and has held administrative positions like Academic Coordinator, Centre Superintendent for Examinations, Deputy Controller of Examinations, Member of the Proctorial Board*



## **Dr. Namita Jain**



*Head & Associate Professor*

*School of Law, JECRC University, Jaipur Ph.D. (Commercial Law) LL.M., UGC -NET Post Graduation Diploma in Taxation law and Practice, Bachelor of Commerce.*

*Teaching Experience: 12 years, AWARDS AND RECOGNITION of Dr. Namita Jain are - ICF Global Excellence Award 2020 in the category of educationalist by I Can Foundation, India. India Women Empowerment Award in the category of "Emerging Excellence in Academics by Prime Time & Utkrisht Bharat Foundation, New Delhi.(2020). Conferred in FL Book of Top 21 Record Holders in the category of education by Fashion Lifestyle Magazine, New Delhi. (2020). Certificate of Appreciation for organizing and managing the Professional Development Training Program on IPR in Collaboration with Trade Innovations Services, Jaipur on March 14th, 2019*

## **Mrs.S.Kalpana**

*Assistant professor of Law*

*Mrs.S.Kalpana, presently Assistant professor of Law, VelTech Rangarajan Dr. Sagunthala R & D Institute of Science and Technology, Avadi. Formerly Assistant professor of Law, Vels University in the year 2019 to 2020, Worked as Guest Faculty, Chennai Dr.Ambedkar Law College, Pudupakkam. Published one book. Published 8 Articles in various reputed Law Journals. Conducted 1 Moot court competition and participated in nearly 80 National and International seminars and webinars conducted on various subjects of Law. Did ML in Criminal Law and Criminal Justice Administration. 10 paper presentations in various National and International seminars. Attended more than 10 FDP programs. Ph.D. in Law pursuing.*



## **Avinash Kumar**



*Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC - NET examination and has been awarded ICSSR - Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and learning.*

## **ABOUT US**

INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS  
ISSN

2582-6433 is an Online Journal is Monthly, Peer Review, Academic Journal, Published online, that seeks to provide an interactive platform for the publication of Short Articles, Long Articles, Book Review, Case Comments, Research Papers, Essay in the field of Law & Multidisciplinary issue. Our aim is to upgrade the level of interaction and discourse about contemporary issues of law. We are eager to become a highly cited academic publication, through quality contributions from students, academics, professionals from the industry, the bar and the bench. INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS ISSN 2582-6433 welcomes contributions from all legal branches, as long as the work is original, unpublished and is in consonance with the submission guidelines.

# **CO-OPERATIVE AND COMPETITIVE FEDERALISM IN INDIA :AN ANALYSIS**

AUTHORED BY- ADV. ANKITA KENDHE

## **ABSTRACT**

The two forms of federalism addressed in this research are cooperative and competitive federalism. Demonstrate that India has taken substantial steps to improve the collaboration and competitiveness of its federalism. The concept of cooperative federalism has been enshrined in the Constitution of India from the very beginning. I have gone into considerable detail about the many types of cooperative federalism that may be found in India. In view of its changing socioeconomic condition, India aspires competitive federalism. A In view of its changing socioeconomic condition, India aspires competitive federalism. A reasonable degree of competition is required in many professions for any state or nation to develop. The study focuses on three main government initiatives: make in India, NITI Aayog and Goods and Service Tax (GST) so as to present the Government of India has used various forms of federalism to achieve national goals. Finally, cooperative, and competitive federalism are proven to be mutually incompatible concepts. They are the two halves of the same coin. All are based on the same fundamental principle: the general expansion of the country. As a result, in order to accomplish development objectives and maintain good administration, a balance between the two types of federalism must be formed.

## **1.1 INTRODUNCTION**

In India, federalism is a foundational principle enshrined in the Constitution, which divides powers between the central government and the states to ensure a balance of authority and responsibilities. Cooperative federalism and competitive federalism are two key aspects of India's federal structure.

1. Cooperative Federalism: This approach emphasizes collaboration and partnership between the central government and the states. It recognizes that while the central government has certain

exclusive powers, many issues require joint efforts for effective governance. Cooperative federalism promotes a spirit of mutual understanding, coordination, and consultation between the center and states. It is particularly relevant in areas such as economic planning, infrastructure development, and disaster management, where joint efforts are essential for success.

2. Competitive Federalism: This aspect of federalism involves states competing with each other to attract investments, promote development, and improve governance. It encourages states to innovate and implement best practices to enhance their competitiveness. Competitive federalism is driven by the idea that healthy competition among states leads to overall development and better outcomes for citizens. It also fosters accountability among state governments, as they are motivated to perform better to attract investment and talent.

In India, both cooperative and competitive federalism are seen as complementary rather than contradictory. While cooperative federalism promotes unity and collaboration, competitive federalism encourages efficiency and innovation. Together, they contribute to the country's development by harnessing the strengths and resources of both the central government and the states.

Cooperative federalism is a notion that portrays the connection between the Centre and the states in which they both get together and tackle shared issues with each other's help. Through cooperative and collaborative efforts, the various levels of government work together to contribute to the country's growth. It symbolizes the union's horizontal relationship with the states, demonstrating that none is superior to the other. To facilitate this engagement between the Centre and the states, the Indian constitution includes mechanisms such as the interstate council, zonal council, and 7th schedule.<sup>2</sup>

Competitive federalism it varies from cooperative federalism. Competitive federalism, in a nutshell, is a kind of federalism in which the federation's components fight for economic interests in a healthy manner. The vertical interaction between the Centre and the competing states fosters the overall expansion and advancement of the competing states.

---

<sup>1</sup> Student LLM, Law College Dehradun, Uttarakhand University, Dehradun (UK).

<sup>2</sup> Principal & Dean, Law College Dehradun, Uttarakhand University, Dehradun (UK)

## 1.2 HISTORICAL DEVELOPMENT AND EVOLUTION CO-OPERATIVE FEDERALISM

The concept of cooperative federalism in India has evolved over time, reflecting changes in the country's political and administrative landscape. Here's a brief overview of its historical development:

1. **Pre-Independence Era:** During British rule, India was a collection of princely states, each with its own degree of autonomy. The British colonial government exercised considerable control over key areas such as defence, foreign affairs, and taxation. However, there were instances of cooperation between the British government and princely states on matters of mutual interest.

2. **Post-Independence and Constitution Making:** After independence in 1947, the framers of the Indian Constitution recognized the need for a federal structure that would accommodate the country's diverse cultural, linguistic, and regional identities. The Constitution of India, adopted in 1950, provided for a federal system with a strong central government and substantial powers devolved to the states. The Constitution also included provisions for cooperative federalism, such as the formation of inter-state councils to promote cooperation and coordination among states.

3. **Nehruvian Era:** The period of Jawaharlal Nehru's prime ministership (1947-1964) saw a centralized planning model, with the central government playing a dominant role in economic planning and development. While this era emphasized centralized planning, there were also instances of cooperation between the central government and states in areas such as industrial development and infrastructure.

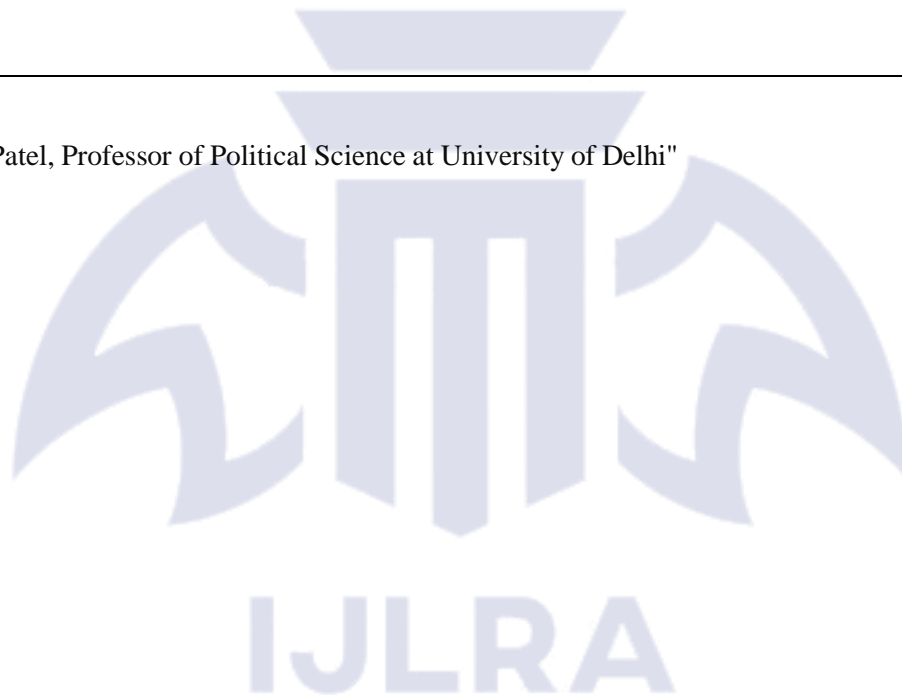
4. **Economic Reforms and Cooperative Federalism:** The 1990s marked a significant shift towards economic liberalization and decentralization in India. The central government initiated economic reforms aimed at opening up the economy and reducing the role of the state in economic activities. This period also saw the emergence of cooperative federalism as a guiding principle, with the central government and states working together to implement economic reforms and promote growth.

5. Recent Trends: In recent years, there has been a renewed emphasis on cooperative federalism in India. The central government has taken several initiatives to promote greater collaboration and partnership with the states. For example, the introduction of the Goods and Services Tax (GST) in 2017 required extensive cooperation between the central government and states to implement a uniform tax regime across the country.

Overall, the concept of cooperative federalism in India has evolved in response to changing political, economic, and social dynamics, reflecting a balance between the need for a strong central authority and the recognition of states' autonomy and diversity.

---

<sup>3</sup> "Dr. Aisha Patel, Professor of Political Science at University of Delhi"



## 1.3 POST-INDEPENDENCE DEVELOPMENT OF CO-OPERATIVE AND COPETITIVE FEDERALISM

Post-independence, India's federal structure has evolved, with both cooperative and competitive federalism playing significant roles in shaping the country's governance and development. Here's how these concepts have developed since independence:

### 1. Cooperative Federalism:

- **Planning Commission:** After independence, India adopted a planned economic development model, which required cooperation between the central government and states. The Planning Commission, established in 1950, played a key role in coordinating and guiding the planning process, fostering cooperation between the center and states.
- **Inter-State Councils:** The Constitution provides for the establishment of Inter-State Councils to promote cooperation and coordination among states. These councils have been used to address issues of common interest and foster a spirit of cooperation among states.
- **Finance Commission:** The Finance Commission, constituted every five years, recommends the distribution of tax revenues between the center and states. Its recommendations are aimed at ensuring a fair and equitable distribution of resources, promoting cooperative fiscal federalism.

### 2. Competitive Federalism:

- **Economic Reforms:** In the 1990s, India initiated economic reforms aimed at liberalizing the economy and promoting competition. States were encouraged to adopt investor-friendly policies to attract investment and promote economic growth.
- **Ranking of States:** Various initiatives have been taken to rank states based on parameters such as ease of doing business, infrastructure, and governance. This has led to healthy competition among states to improve their rankings and attract investment.

3. Recent Developments: - **GST Implementation:** The introduction of the Goods and Services Tax (GST) in 2017 required extensive cooperation between the center and states. It aimed to create a unified national market and reduce tax barriers between states, enhancing economic efficiency.

**Cooperative Federalism in Policy Formulation:** The central government has increasingly

involved states in the formulation and implementation of policies. For example, schemes like the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) involve state governments in planning and executing agricultural water management projects.

In conclusion, post-independence India has seen the development of both cooperative and competitive federalism, with these concepts playing complementary roles in fostering economic growth, ensuring efficient governance, and promoting unity in diversity.

---

<sup>4</sup> Sharma, B. L. "Indian Federalism and its Dynamics." Vikas Publishing House, 2014.

<sup>5</sup> Mohanty, Ramesh Chandra. "Indian Federalism: Problems and Prospects." Vikas Publishing House, 2005.



### **1.3.1 Between 1947 until 1967,**

A single meeting took Centre stage at this point. The Congress formed its government at the federal and state levels, with a few outliers, such as the communist administration in Kerala in the year 1959. As both the states and the central government were ruled by the same party, there was no serious dispute. There were rare instances, including as in Kerala, when the federal government Posted the world's first democratically elected communist government.

### **1.3.2 Between 1967 and 1990,**

"This is referred to as the combative federalism phase." Congress lost nine states in a single election for the first time in history. Despite the fact that the legislature rallied in later elections the Centre and the multiparty-led states clashed throughout this time.

### **1.3.3 From 1990 until the present**

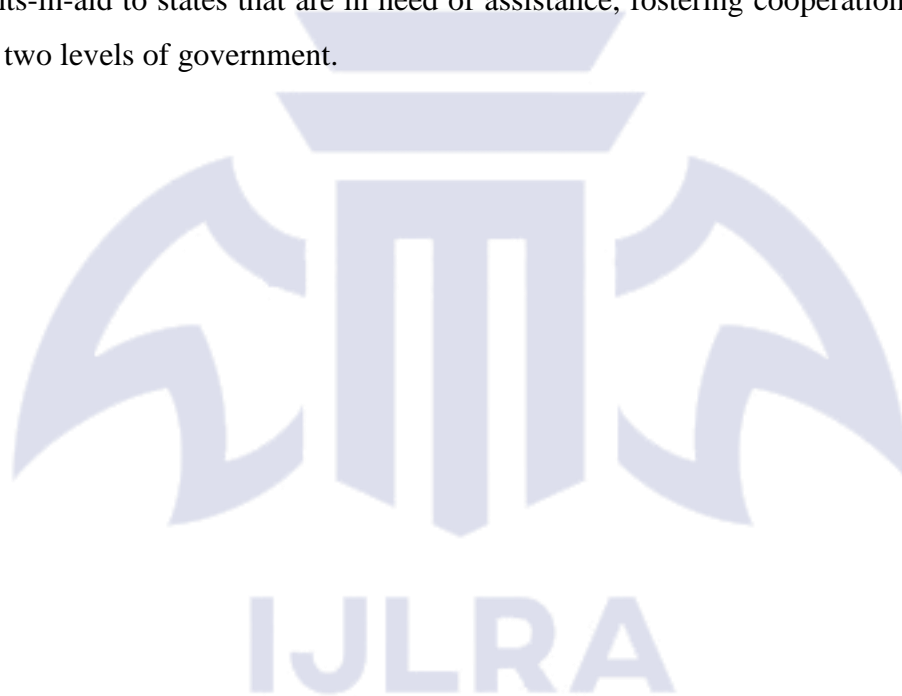
"This phase is known as cooperative federalism since state parties have a role in forming government at the federal level, such as the DMK in Tamil Nadu, the SP in Uttar Pradesh, and the Trinamool Congress in West Bengal." As a consequence, the state's difficulties have acquire prominence, and the Tamil Nadu issue has attracted international attention. The federal government i.e., in our case the central government is becoming more conscious of state needs.

## **1.4 PROVISIONS IN INDIAN CONSTITUTION RELATING TO CO-OPERATIVE FEDERALISM**

The Indian Constitution incorporates several provisions that support the concept of cooperative federalism, which emphasizes collaboration between the central and state governments. Some of these provisions include:

1. **Distribution of Powers:** The Constitution clearly delineates the powers of the central and state governments through the Union List, State List, and Concurrent List, ensuring that both levels of government have specified areas of authority.
2. **Article 1 (India, that is Bharat, shall be a Union of States):** This article establishes India as a Union of States, indicating a federal structure where states are integral parts of the country.

3. Article 3 (Formation of new States and alteration of areas, boundaries or names of existing States): This article allows for the creation of new states and the alteration of existing states' boundaries, but it requires Parliament's approval, which encourages cooperation between the center and the states.
  
4. Article 263 (Provisions with respect to an inter-State Council): This article provides for the establishment of an Inter-State Council to promote coordination between states and between the center and the states on matters of common interest.
  
5. Article 275 (Grants from the Union to certain States): This article enables the center to provide grants-in-aid to states that are in need of assistance, fostering cooperation and support between the two levels of government.



6. Article 282 (Expenditure defrayable by the Union or a State out of its revenues): This article allows the center to incur expenditure for any purpose that is in the national interest or for the welfare of a state, promoting financial cooperation between the two levels of government.

7. Article 356 (Provisions in case of failure of constitutional machinery in State): While this provision relates more to emergency powers, it also underscores the cooperative federal spirit by providing a mechanism for the center to intervene in state matters under certain circumstances.

These provisions, among others, reflect the intent of the Indian Constitution to establish a cooperative federal system where the center and the states work together for the country's progress and welfare.

#### **1.4.1 7<sup>th</sup> SCHEDULED**

The Seventh Schedule of the Indian Constitution contains three lists that specify the division of powers between the central and state governments. These lists are:

1. Union List (List I): It contains subjects on which only the Parliament can legislate. This includes subjects such as defence, foreign affairs, banking, currency, atomic energy, and others.
2. State List (List II): It contains subjects on which only the state legislatures can legislate. This includes subjects such as police, public health, agriculture, local government, and others.
3. Concurrent List (List III): It contains subjects on which both the Parliament and the state legislatures can legislate. This includes subjects such as criminal law, marriage and divorce, bankruptcy and insolvency, and others.

The Seventh Schedule thus embodies the principle of cooperative federalism by clearly demarcating the powers of the central and state governments. It allows for cooperation between the two levels of government in areas where concurrent jurisdiction exists, while also ensuring that each level has its sphere of authority.

---

<sup>6</sup> M.P.Jain, Indian constitutional law 214 ( LexiNexis, New Delhi, 8<sup>th</sup> edn., 2018 ).

<sup>7</sup> The Constitution of India, 1950, art.249.

## 1.4.2 ALL INDIA SERVICES

The All India Services (AIS) are a key feature of cooperative federalism in India. The provisions relating to AIS are primarily enshrined in Part XIV of the Indian Constitution (Articles 312 to 323). The AIS include the Indian Administrative Service (IAS), Indian Police Service (IPS), and Indian Forest Service (IFS).

Key provisions related to AIS and cooperative federalism include:

1. Article 312 (All-India Services): This article empowers Parliament to create AIS if it is deemed necessary for the purpose of maintaining national integration or efficiency in public administration.
2. Article 313 (Transitional provisions): This article allows for the continuance of IAS and IPS officers appointed under the Government of India Act, 1935, ensuring a seamless transition to the new constitutional framework.
3. Article 314 (Provisions as to Services after the appointed day): This article provides for the regulation of recruitment and conditions of service of persons appointed to AIS after the commencement of the Constitution.
4. Article 315-323 (Public Service Commissions): While not directly related to AIS, these articles establish the Union Public Service Commission (UPSC) and State Public Service Commissions (SPSCs), which play a crucial role in the recruitment and management of AIS officers.
5. Article 323-A and 323-B (Administrative Tribunals)  
: These articles allow for the establishment of administrative tribunals for the adjudication of disputes and complaints related to AIS officers, ensuring a fair and impartial mechanism for dispute resolution.

Overall, the provisions related to AIS in the Indian Constitution reflect the cooperative federalism principle by allowing for the recruitment and management of a cadre of officers who can serve both the central and state governments, thereby promoting national integration and efficient public administration.

### 1.4.3 FULL FAITH AND CREDIT CLAUSE

In the context of cooperative federalism, the concept of "full faith and credit" is not explicitly mentioned in the Indian Constitution. The Full Faith and Credit Clause in the U.S. Constitution (Article IV, Section 1) requires states to recognize the public acts, records, and judicial proceedings of other states. This principle ensures a degree of cooperation and respect among states in the U.S. federal system.

In India, while there is no specific clause equivalent to the U.S. Full Faith and Credit Clause, the Constitution contains provisions that promote cooperation and coordination between the central and state governments. These include:

1. **Article 256 (Obligation of States and the Union):** This article requires states to ensure compliance with laws made by Parliament and to not impede the executive power of the Union.
2. **Article 257 (Control of the Union over States in certain cases):** This article empowers the Union to give directions to states regarding the exercise of their executive power in certain situations.
3. **Article 263 (Provisions with respect to an inter-State Council):** This article provides for the establishment of an Inter-State Council to promote coordination between states and between the center and the states on matters of common interest.
4. **Article 275 (Grants from the Union to certain States):** This article allows the center to provide grants-in-aid to states that are in need of assistance, fostering cooperation and support between the two levels of government.
5. **Article 282 (Expenditure defrayable by the Union or a State out of its revenues):** This article allows the center to incur expenditure for any purpose that is in the national interest or for the welfare of a state, promoting financial cooperation between the two levels of government.

While these provisions do not directly mirror the Full Faith and Credit Clause, they reflect the spirit of cooperative federalism by encouraging coordination, cooperation, and mutual respect between the central and state governments in India.

## 1.4.4 ZONAL COUNCIL

As per the States Re-organization Act, 1951, five Zonal Councils have been created up namely the Central Zone, the Northern Zone, the Western Zone and the Southern Zone. Zonal Council is simply an advisory body and has no legislative or executive role.

The framers of the constitution recognized the necessity of cooperation between the Centre and the states, as well as the distribution of authority between them. We can see from the many provisions how the collaboration of states with the Centre and vice versa is useful to the country's general, overall growth and continuous administration. Without the collaboration between the Centre and state in policies and administration, it would be very difficult to face the common difficulties among the Centre and the state, which may put a brake to the expansion of the country.

### 1.4.2 Inter-state Council

The Interstate Council was established under Article 263 of the Constitution to look into and discuss topics of mutual interest among the central government and the states.

Parliament has the ability to resolve interstate water disputes. The Hon'ble Supreme Court ruled in the case of T.N. Cauvery Sangam v. Union of India that "once the central government determines that the dispute raised in the state government application cannot be resolved through negotiations, the central government must establish a court and refer the dispute to it for adjudication. Furthermore, if the central government fails to make such a referral, the court may grant mandamus to the central government, forcing it to carry out its statutory tasks, on the basis of a petition filed under Art. 32 - 26 by an aggrieved party".

The Hon'ble Supreme Court "endorsed the formation of council under Article 263 to evaluate and settle central state tax problems in the case of Dabur India Limited v. State of Uttar Pradesh<sup>27</sup>".

The idea of an Inter State Council (ISC) was vigorously advocated by the Sarkaria commission and was established as a permanent body on 28 May 1990 by a presidential order. The goal of the ISC is to debate or analyse policies, matters of common interest, and conflicts among governments.

---

<sup>8</sup> <https://www.drishitias.com/to-the-points/Paper2/cooperative-and-competitive-federalism-in-india>

## 1.5 PROBLEM AND ISSUES RELATING TO CO-OPERATIVE FEDERALISM

Cooperative federalism in India faces several challenges and issues, which include:

1. **Political Competition:** Often, political parties at the central and state levels may have different agendas, leading to conflicts and lack of cooperation.
2. **Financial Imbalance:** States may feel that they are not getting their fair share of financial resources from the center, leading to tensions and disagreements.
3. **Coordination Issues:** Due to the vast size and diversity of India, coordinating policies and programs between the center and states can be challenging.
4. **Administrative Bottlenecks:** Bureaucratic hurdles and administrative delays can hinder the smooth functioning of cooperative federalism.
5. **Lack of Trust:** States may sometimes perceive the center as overreaching or encroaching on their autonomy, leading to a lack of trust and cooperation.
6. **Policy Difference:** States may have different priorities and policies than the center, leading to conflicts in implementing cooperative programs.
7. **Resource Constraints:** Some states may lack the resources or capacity to effectively participate in cooperative federalism initiatives.
8. **Political Instability:** Changes in government at the central or state level can disrupt cooperative efforts and lead to policy reversals.

Addressing these challenges requires a commitment from both the center and states to work together in the spirit of cooperation and mutual respect, recognizing the importance of cooperative federalism in India's governance structure.

---

9 Odisha Government's KALIA Scheme, available at: <https://www.drishtias.com/pdf/odisha-governments-kalia-scheme.pdf> (Visited on March 04, 2022).

## **1.6 COMPETITIVE AND CO-OPERATIVE FEDERALISM**

### **1.6.1 COMPETITIVE FEDERALISM**

Competitive federalism is a concept that encourages states to compete with each other to attract investment, create jobs, and improve governance. It is based on the idea that when states compete to implement good policies and reforms, it leads to overall development and benefits for the country as a whole.

In the Indian context, competitive federalism has gained prominence in recent years as states have been given more autonomy and flexibility to design and implement policies that suit their specific needs and priorities. This has led to healthy competition among states to improve their business environment, infrastructure, and overall governance.

Some key aspects of competitive federalism in India include:

1. **Ease of Doing Business:** States are ranked based on their ease of doing business, which incentivizes them to improve their business environment and attract investment.
2. **Infrastructure Development:** States compete to improve their infrastructure, such as roads, ports, and power supply, to attract businesses and improve the quality of life for their citizens.
3. **Fiscal Management:** States compete to maintain fiscal discipline and attract investment by implementing sound fiscal policies and reforms.
4. **Governance Reforms:** States compete to improve governance by implementing transparent and accountable practices, which can lead to better service delivery and overall development.

Overall, competitive federalism in India has led to increased economic growth, job creation, and development outcomes, as states strive to outperform each other and attract investment and talent. However, it is important to ensure that this competition does not lead to unhealthy practices or neglect of social welfare objectives.

### **1.6.2 COMPETITIVE FEDERALISM IN INDIA**

Competitive federalism in India refers to the competition among states to attract investment, businesses, and skilled labour by improving their policies, governance, and infrastructure. The concept gained prominence with the implementation of economic reforms and the decentralization of power to states, encouraging them to adopt innovative approaches to development.

Key aspects of competitive federalism in India include:

1. **Ease of Doing Business Rankings:** The Government of India ranks states based on their business-friendly policies and practices, encouraging states to streamline regulations and improve their business environments.

2. **Goods and Services Tax (GST):** The introduction of GST replaced multiple state and central taxes, creating a unified national market. States now compete to attract businesses by offering better infrastructure and tax incentives.

3. **Investment Promotion:** States compete to attract domestic and foreign investment by offering incentives, land, and infrastructure support.

4. **Infrastructure Development:** States focus on improving infrastructure such as roads, ports, and power supply to attract industries and improve the quality of life for residents.

5. **Governance and Administrative Reforms:** States undertake governance reforms to improve service delivery, transparency, and accountability, thereby enhancing their competitiveness.

6. **Social Sector Development:** States also compete to achieve better outcomes in social sectors such as education, healthcare, and poverty alleviation.

7. **Innovation and Entrepreneurship**

: States promote innovation and entrepreneurship through policies, incentives, and infrastructure support. Competitive federalism has led to positive outcomes such as increased investment, job creation, and economic growth. However, challenges such as regional disparities, capacity constraints, and environmental concerns need to be addressed to ensure balanced and sustainable development across states.

### **1.6.3 CO-OPERATIVE FEDERALISM**

Cooperative federalism is a concept that describes the relationship between the central government and the states in a federal system, emphasizing cooperation, coordination, and partnership. In a cooperative federal system, the central government and the state governments work together to achieve common goals, share responsibilities, and address national issues.

In the context of India, cooperative federalism is enshrined in the Constitution, which provides for a division of powers between the central and state governments through the Seventh Schedule. This division of powers ensures that both levels of government have specified areas of authority, while also allowing for cooperation on concurrent subjects.

Key features of cooperative federalism in India include the establishment of an Inter-State Council to promote coordination between states and between the center and states, the sharing of financial resources through the Finance Commission, and the implementation of national development programs in collaboration with states.

Overall, cooperative federalism in India is seen as essential for promoting national unity, ensuring balanced development, and addressing the diverse needs of the country's regions. It emphasizes the importance of partnership and collaboration between different levels of government in achieving common objectives and serving the interests of the people.

### **1.6.4 CO-OPERATIVE FEDERALISM IN INDIA**

Cooperative federalism in India is a concept that emphasizes collaboration and partnership between the central government and the state governments to address national issues and promote overall development. It is based on the principles of shared decision-making, mutual respect, and coordination between different levels of government.

Key aspects of cooperative federalism in India include:

1. **Constitutional Framework:** The Indian Constitution provides for a division of powers between the central government and state governments through the Seventh Schedule, which

lists subjects under the Union List, State List, and Concurrent List. This division ensures that both levels of government have specified areas of authority, while also allowing for cooperation on concurrent subjects.

2. **Inter-State Council:** The Constitution provides for the establishment of an Inter-State Council to promote coordination between states and between the center and states on matters of common interest. The council is chaired by the Prime Minister and includes chief ministers of all states and union territories.

3. **National Development Programs:** The central government implements various national development programs in collaboration with states, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the National Health Mission (NHM). These programs involve funding and implementation responsibilities shared between the center and states.

4. **Finance Commission:** The Finance Commission is constituted every five years to recommend the distribution of financial resources between the center and states. This helps in ensuring financial autonomy for states while promoting fiscal discipline.

5. **Goods and Services Tax (GST):** The introduction of GST replaced multiple state and central taxes with a single tax, creating a unified national market and promoting cooperative federalism in taxation.

6. **Disaster Management:** During natural disasters, the center and states collaborate to provide relief and rehabilitation measures, showcasing cooperative federalism in times of crisis.

Overall, cooperative federalism in India aims to foster unity, integrity, and balanced development by encouraging collaboration and partnership between the central government and state governments. It recognizes the diverse needs and priorities of different regions and seeks to address them through mutual cooperation and coordination.

---

<sup>10</sup> <https://niti.gov.in/cooperative-federalism>

<sup>11</sup> <https://www.mercatus.org/tags/competitive-federalism>

## CONCLUSION

In conclusion, both cooperative and competitive federalism are essential aspects of India's federal governance structure, each contributing unique benefits and challenges.

Cooperative federalism promotes collaboration and partnership between the central and state governments, ensuring shared decision-making, resource-sharing, and mutual respect. It helps address national issues, promotes overall development, and fosters unity and integrity.

On the other hand, competitive federalism encourages states to compete with each other to attract investment, create jobs, and improve governance. It leads to innovation, improved policies, and better service delivery, ultimately benefiting the country as a whole.

Together, cooperative and competitive federalism contribute to a dynamic and resilient federal system in India, where states have the autonomy to address their specific needs and priorities while working towards common national goals. Balancing both aspects is crucial for ensuring effective governance, balanced development, and national progress.

## SUGGESTION:

Suggestions for cooperative federalism:

1. **Enhanced Communication:** Improved communication channels between the central and state governments can facilitate better coordination and collaboration on policy matters.
2. **Empowering Inter-State Council:** Strengthening the Inter-State Council and making it more effective in resolving inter-state disputes and promoting cooperation among states.
3. **Resource Sharing:** Ensuring equitable sharing of resources between the center and states to promote balanced development across regions.
4. **Capacity Building:** Investing in capacity building at the state level to empower states to effectively implement central government schemes and programs.

5. **Transparency and Accountability:** Promoting transparency and accountability in governance at both central and state levels to build trust and strengthen cooperative efforts.

Suggestions for competitive federalism:

1. **Ease of Doing Business:** States can focus on improving their business environment by simplifying regulations, streamlining processes, and providing incentives to attract investment.

2. **Infrastructure Development:** States should prioritize infrastructure development to enhance connectivity, which is crucial for attracting businesses and improving the quality of life for residents.

3. **Skill Development:** Investing in skill development initiatives to create a skilled workforce, which is essential for attracting industries and promoting entrepreneurship.

4. **Innovation Ecosystem:** States can create an innovation-friendly ecosystem by supporting research and development, promoting startups, and encouraging technological advancements.

5. **Performance-Based Incentives:** The central government can provide performance-based incentives to states that demonstrate improvements in key areas such as governance, ease of doing business, and social sector outcomes.

Overall, a balance between cooperative and competitive federalism is essential for India's development. Both approaches can complement each other and contribute to the country's progress.

## **BIBLIOGRAPHY**

1. Richard M. Rossow, "Competitive federalism is working", Mint, August 09, 2016.
2. Rahul V Pisharody, "Explained: Rythu Bandhu, Telangana govt's DBT scheme for farmer's assistance, The Indian Express December 29,2021.
3. The Constitution of India, 1950, art.263
4. Dr. Aniruddha Babar, "Dr B.R. Ambedkar's contribution to federalism Enshrined in the

constitution of India”7 FACJ 49 (2018).

5. Government of India, Report of the Punchhi Committee (Ministry of Home Affairs, 1988)



