

States of the Union

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Cooperative federalism was a prominent theme on Narendra Modi's agenda even before he became prime minister. As chief minister, he often accused the UPA of "coercive federalism", violating the federal spirit and reducing the states to a "subservient" position. His position was that India required a "vibrant and functional federal structure" where states are given their due. However, the question worth asking is whether the government will walk the talk, given that party incentives often change with location.

Barring the institutionalisation of local self-government, Indian federalism has rarely seen any deliberate redesign in terms of its structure or in the arrangements with regard to power and resource distribution. Even a cursory reading of the reports of the commissions set up to examine Centre-state relations in India reveals a conservative streak rather than innovative zeal. Further, governments have also acted according to their convenience. The tragedy of the Inter-State Council says it all.

Most changes in Indian federalism have been evolutionary and have come in the form of tweaks and adjustments. Consequently, the structure remains the same but new processes are worked into it. Much of the federalisation of the Indian polity in the 1990s that we often refer to was in the form of new practices and patterns of interaction. Given their informal status, they are contingent on the existing power relations. More importantly, the changes are largely unintended and have been brought about by social, political and economic currents affecting the political system as a whole.

For instance, the emergence of a competitive multi-party system and the institutionalisation of a coalitional system not only made it tough for the Centre to play hardball with the states but also fulfilled some of their longstanding demands. The participation of state-based parties in Central governments fulfilled their desire to have a greater say in national-level decision-making. The Supreme Court, in the Bommai judgment of 1994, made Article 356, often used to dismiss state governments controlled by political parties opposed to the ruling party at the Centre, judicially reviewable. The court's observations, and the fact that Central governments depended on state-based parties for survival, made Article 356 extremely tough to use, thus removing a major irritant in Centre-state relations.

Similarly, the embrace of economic reforms helped transform financial dynamics between the Centre and the states. With greater discretionary powers, states competed for market-based investment and this marginally reduced the Central government's influence over a state's development trajectory. This access to new revenue sources fulfilled the persistent demand for more financial resources and autonomy. If states today have greater political and economic autonomy than the period before the 1990s, it is probably an incidental benefit rather than the result of concerted efforts.

In this context, NDA 2's decision to do away with the Planning Commission and scrap policy planning from "top to bottom" — probably the biggest sore point in Centre-state relations — will go down as a major reform in India's federal history. By recognising states as stakeholders while reimagining the commission and pushing the idea that strong states do not weaken the Union, the government appears to be making the right noises.

At the same time, since May 2014 several irritants have emerged as well. The removal and appointment of governors, the home ministry's instructions to Haryana on the Haryana Sikh Gurdwara (Management) Act, 2014, to Telangana to hand over law and order powers to the governor of Hyderabad and to the National Investigation Agency on the Burdwan blasts probe are instances that remind us that cooperative federalism remains on the horizon of our expectations. They also indicate the four challenges that the BJP will have to override to institutionalise harmonious Centre-state relations.

First, the BJP was only responding to its own political incentives when pushing the cooperative federalism rhetoric. Speaking against the Centre, especially when the Congress is in power has always been an attractive position, as it has often acted as a glue to bring non-Congress parties together. Now that the BJP has a comfortable majority of its own and appears to be riding the crest in the state elections as well, how much of the rhetoric will the party want to take forward.

In the past, parties have changed positions when the opportunity structure changed. The DMK is one of the few parties that have articulated a position on various dimensions of Centre-state relations, a

position crafted when it was primarily active only at the state level. However, when it was in power at the Centre for nearly 14 years and could have pushed its Centre-state reform agenda, it chose to press mute. New institutionalism literature tells us that when actors are integrated with the system, they see only “what they like” and when they are alienated, they begin to see “what they dislike”. The fracas over governors is a good example of the BJP seeing the virtues of the same system they were critical of when in opposition.

Second, party organisation matters. As the BJP expands its territorial reach, the need for centralised coordination will increase. Polity-wide parties like the BJP and the Congress use an integrationist and aggregative strategy to appear as cohesive units. Polity decentralisation and party centralisation are unlikely to go together.

Third, all federations are dynamic and there is a continual pressure to renegotiate the balance of power and resources between levels of government. The challenge is to constantly innovate and balance different demands. Is the party willing to invest in this exercise?

Finally, in parliamentary systems, government-opposition relations could also change the existing incentive structure. The pressure to focus on short-term electoral victories rather than long-term intergovernmental engagement, especially when challenged by the Opposition, will pose the real challenge. The Congress short-circuited federal relations to maintain its dominance. The question is, will the BJP travel the same path?