**Reimagining Indian federalism**

On June 4, 2024, the Bharatiya Janata Party (BJP) tripped up short of the majority mark in the Lok Sabha, compelling it to hobble towards power by leaning heavily on its partners in the National Democratic Alliance, all of which are regional parties. Aside from placing fetters on the BJP’s overweening arrogance and decelerating our descent into majoritarian autocracy, the return to New Delhi of coalition governance offers another hope: that of revitalising India’s beleaguered federal structure, which has sustained countless death blows over the past decade.

A brand of federalism

As I argued in the Lok Sabha last year — while opposing the Government of National Capital Territory of Delhi (Amendment) Act, 2023 — what we have repeatedly seen since 2014 is an insidious, inexorable effort to curtail the autonomy of our States. Despite Prime Minister Narendra Modi’s rhetoric of cooperative federalism, all we have seen is the rise of a coercive and combative brand of federalism that seeks to centralise power at the expense of the States.

This Modi-fied brand of federalism has been manifest in seeking to foist Hindi upon our southern States; deploying independent regulatory and investigative agencies (such as the Enforcement Directorate, the Central Bureau of Investigation and Income-Tax agencies) to clamp down on political opponents from regional parties; using an obscure provision of the Disaster Management Act to impose a nationwide lockdown without consulting the Chief Ministers who had to implement it; creating and misusing the ‘Prime Minister’s Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund, which limited the flow of cash to State-run Chief Minister’s Distress Relief Funds; and robbing Jammu and Kashmir of Statehood and abrogating Article 370 in a manner that sets an ominous precedent for all other States. One must add to this litany, the tendency to undermine the careful balance in our fiscal federalism that previous governments had maintained, distributing revenues in a way that left it to our States to pursue their own priorities. This balance has been disturbed using a number of cynical tools, such as levying cess on a large number of items. Unlike tax, cess does not go into the divisible revenue pool and does not need to be shared with States.

Another shadow hangs over the federal system with the impending lapse of the 91st Amendment in 2026. This guarantees that the share of parliamentary constituencies across States would be based on the 1971 Census, in order not to punish those States that had empowered their women, improved human development indicators and curbed their population. The ruling party has made it clear that they have no intention of renewing this provision and are looking forward with glee to a fresh Census and a new delimitation exercise. The major concern of many federalists is that this could lead — given both demographic realities and the BJP’s own inclinations — to the Hindi-speaking States of the “cow belt” acquiring a two-thirds majority by themselves, in effect disenfranchising the southern States. This would give the BJP a permanent stranglehold on our Parliament and would lead to a severe crisis of our democracy as well as our federalism.

The BJP’s hyper-nationalist desire for uniformity was already evident in its decision in 2017 to change the terms of reference of the Fifteenth Finance Commission to base allocations on the 2011 Census, instead of 1971’s (following the same rationale) This proved pernicious, sending even more tax money from the south to the north than previously. Commentators spoke of the government rewarding “brute demographic advantage … over a state’s performance,” adding that the Fifteenth Finance Commission decisions were “a stunning rebuke of success”.

The concerns of the southern States

Most people in the south are staunch Indian nationalists who recognise full well the need to correct regional imbalances, and for richer States to subsidise poorer ones. But we must ensure that this balancing act does not become financial persecution of our southern States. For, unlike most federal systems, India’s revenues are going disproportionately to its worst-performing States, those with rampant illiteracy, high rates of fertility and population growth, while the high-performing southern States get short shrift. On June 10, 2024, Uttar Pradesh received a whopping ₹25,069 crore of tax devolution, a figure greater than all our five southern States collectively received. Bihar and Madhya Pradesh got the next largest allocations.

The concerns of our southern States about delimitation are not unfounded: Uttar Pradesh and Bihar are likely to together outweigh them all combined. May we dare hope that one of the BJP’s two crutches, with 16 seats in the Lok Sabha, the Chief Minister of Andhra Pradesh, N. Chandrababu Naidu, will refuse to make the mistake of allowing such a fate to befall South India? Whether he does or does not, the other southern Chief Ministers are bound to be speaking to each other, to ward off the threat of political disenfranchisement. The interests of millions are entwined with the success of this exercise, in which the principles of equitable redistribution and representation should weigh heavily. All States, ultimately, must work together to devise a solution.

There are no early signs that the large number of regional parties in the NDA might bolster India’s federal structure. Most regional members — chief among them the Telugu Desam Party, Janata Dal (United) and Lok Janshakti Party (Ram Vilas) — have for now contented themselves with securing cabinet births (not even major or pivotal ministries) and greater perquisites for their own States (such as demanding special status for Andhra Pradesh and Bihar). While they may keep the BJP on a relatively short leash, stanching the tide of the Hindutva project and demanding that contentious schemes (such as Agniveer) be reconsidered, they are not necessarily likely to rally around the cause of strengthening cooperative federalism. Seeking a larger slice of the pie for their own States is self-interest, not federalism.

When he was the Chief Minister of Gujarat, Narendra Modi was an unwavering federalist who championed decentralised policy-making. In his view, in a country as diverse as India, there could never be a universal, Union Government-devised panacea for the ills of all States, so, each should be able to innovate and tailor solutions to their peculiar problems. Each State in India, argued then Chief Minister Modi, ought to forge its own development path, engaging with other States in a spirit of “competitive” federalism, which meant attracting investment and improving governance, and stoutly resisting the encroachment of the central government on States’ rights. And, in many ways, Mr. Modi exemplified these tenets — until he became Prime Minister, that is.

Revive the Inter-State Council

Can Opposition-ruled States, especially in the south, leverage the BJP’s reduced majority to the benefit of cooperative federalism? The abolition of the Planning Commission has deprived them of a vital forum. If that cannot be undone, a good starting point would be extracting the Inter-State Council from the throes of desuetude. Though its rationale had long been outlined in Article 263 of the Constitution, it was convened only in the 1990s on the recommendation of the Sarkaria Commission. But, despite having the potential to become a formidable forum of deliberation, the Council has degenerated into a mere appendage of the Ministry of Home Affairs, in whose shadow it scarcely has any authority. So the Inter-State Council must be overhauled and revived to serve as an independent arena for consultation, decision-making, dispute resolution, and coordination between States and various governmental departments and levels of government on issues that affect the States.

In a country such as India, whose diversity is held together by a sense of common belonging but whose civic nationalism must accommodate a range of States with divergent levels of development, it is essential that all feel that their common nationhood is a winning proposition for them. In a country where regional, religious, and linguistic tensions are never far from the surface, an answer such as, “We have more people, so we will have more money and power”, risks rupturing the fragile bonds that hold us all together.