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**CENTRE-STATE RELATIONS IN INDIA: AN ANALYSIS OF THE  
SARKARIA COMMISSION'S RECOMMENDATIONS AND THEIR  
IMPACT ON FEDERALISM**- Km. Pragati<sup>1</sup>***Abstract***

*This article explores the establishment, key recommendations, and impact of the Sarkaria Commission on India's federal structure. Formed in 1983 to address rising tensions between the central and state governments, the Commission aimed to improve cooperative federalism. Key areas of focus include the misuse of Article 356, the appointment and role of Governors, legislative and financial relations, and the need for decentralization. The article provides a comparative analysis of India's federalism with models from the United States and Canada, emphasizing the unique challenges in the Indian context. The impact of the Commission's recommendations, including restrictions on President's Rule and enhanced financial devolution, is evaluated. Post-Sarkaria developments, such as the rise of regional parties and the creation of the NITI Aayog, are also discussed. The article concludes by highlighting the importance of flexibility, judicial safeguards, and cooperative mechanisms for effective federal governance.*

**Key Words:** *Federalism, Sarkaria Commission, Cooperative Federalism, Decentralization, etc.*

**Historical context and establishment of the Sarkaria Commission (1983)**

The Sarkaria Commission was established in 1983 by the Government of India to review the working of the existing arrangements between the Centre and the States and recommend improvements. The commission was named after its chairman, Justice R.S. Sarkaria, a retired judge of the Supreme Court of India. It was formed in response to increasing concerns over

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the balance of power between the central government and state governments, which had been a recurring issue in Indian federalism since independence.

### **1.1. Historical Context**

- India's federal structure, defined by the Constitution, grants significant powers to the central government, but it also allows for considerable autonomy for the states. However, tensions between the Centre and the states had been growing since the 1960s due to a variety of political, economic, and regional factors:

### **1.2. Rise of Regional Parties:**

By the late 1960s and 1970s, many states saw the rise of regional political parties, which often clashed with the policies of the central government, which was predominantly ruled by the Indian National Congress at that time. These regional parties called for more autonomy and greater control over state affairs.<sup>2</sup>

### **1.3. Governor's Role:**

The role of the Governor, who is appointed by the President of India (on the advice of the central government), became controversial. The Governors were often perceived as agents of the central government, leading to conflicts between state governments and the Centre, especially when different political parties ruled the two.

### **1.4. Emergency (1975-1977):**

During the Emergency declared by Prime Minister Indira Gandhi, the centralization of power became a critical issue. This period witnessed the suspension of many democratic rights and was seen as a time when the federal structure was undermined. After the Emergency, calls for a review of Centre-state relations grew louder.

### **1.5. Post-Emergency Political Landscape:**

In the post-Emergency era, the Janata Party government, which came to power in 1977, sought to reduce the central government's dominance. However, after the Congress returned to power in the 1980s, tensions resumed, leading to the need for a comprehensive review of federal relations.

## **2. Establishment of the Sarkaria Commission**

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<sup>2</sup>Ranjan, A. (2024, July 3). 2024 India Election shake-up

In this backdrop, Prime Minister Indira Gandhi's government established the Sarkaria Commission on June 9, 1983. The mandate of the commission was broad, covering several areas of Centre-state relations, including the role of the Governor, the use of Article 356 (which allows the Centre to dismiss state governments), financial relations, and the distribution of legislative powers.

The commission took four years to complete its work and submitted its report in 1988, which included 247 recommendations aimed at improving Centre-state relations and enhancing cooperative federalism in India. Although its recommendations were not immediately or fully implemented, the Sarkaria Commission played a significant role in shaping the discourse on Indian federalism in the years that followed.

### **3. Key recommendations on center-state relations, legislative and administrative powers**

The Sarkaria Commission made several key recommendations to improve the balance of legislative and administrative powers between the Centre and the States. These recommendations were aimed at ensuring better cooperation between the two levels of government while maintaining the federal structure of India. Here are the main suggestions related to legislative and administrative powers:

#### **3.1. Legislative Powers**

##### **3.1.1 Preserving the Balance of Powers:**

The commission recommended that the existing distribution of legislative powers between the Centre and the States, as provided in the Constitution, should generally be maintained. The balance of power between the Union and States was seen as essential for national unity and effective governance.

##### **3.1.2 Use of Article 356 (President's Rule):**

The commission was particularly critical of the misuse of Article 356, which allows the Centre to dismiss a state government and impose President's Rule. It recommended that the power to impose President's Rule should be used sparingly and only as a last resort. The Commission suggested specific guidelines for the invocation of Article 356 to prevent its arbitrary use.

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### **3.1.3. Residuary Powers:**

The Constitution of India assigns residuary legislative powers (those not listed in any of the three lists—Union, State, or Concurrent) to the Centre. The Commission recommended that this arrangement should be continued. However, it emphasized that these powers should be exercised cautiously and in consultation with the states.

### **3.1.4. Concurrent List:**

The commission suggested that greater cooperation between the Centre and States should be fostered in matters listed under the Concurrent List, which includes subjects where both the Centre and States can legislate. The commission advised that the Centre should consult the States more frequently and thoroughly before legislating on items in the Concurrent List.

## **3.2. Administrative Powers**

### **3.2.1. Cooperative Federalism:**

The commission advocated for a more cooperative approach between the Centre and the States. It recommended that both levels of government should work together in the implementation of policies, particularly in areas where they share responsibilities (Concurrent List).

### **3.2.2. Decentralization:**

The Sarkaria Commission recommended greater decentralization in the functioning of government. This included giving States more autonomy in administrative matters, especially in areas that directly affect local governance.

### **3.2.3. Appointment of Governors:**

The role of the Governor was a significant point of contention between the Centre and States. The commission suggested that the Governor should be a person of eminence, detached from active politics, and acceptable to the State's leadership. It recommended that the central government should consult the State's Chief Minister before appointing a Governor.

### **3.2.4. All-India Services:**

The commission supported the continuation of All-India Services (like the Indian Administrative Service, Indian Police Service) as essential for maintaining the unity and

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integrity of the country. However, it recommended that the States should be given a greater role in the management of these services, particularly regarding appointments and disciplinary actions.

### **3.2.5. Inter-State Council:**

The commission strongly recommended the activation of the Inter-State Council, a constitutional body established to foster dialogue between the Centre and States on administrative and legislative matters. The council could serve as a forum for resolving disputes and improving cooperation on shared issues.

### **3.2.6. Finance Commission Recommendations:**

The Commission also recommended that both the Centre and the States should adhere to the recommendations of the Finance Commission, which determines the financial distribution between the two levels of government. It suggested improving transparency in financial devolution and resource sharing.

## **4. Comparative analysis with International Federalism models**

The Sarkaria Commission undertook a comparative analysis of India's federal structure with the federal models of other countries like the United States and Canada, in order to draw insights into the unique characteristics and challenges of India's federalism. Here's a summary of the key points of comparison between India, the U.S., and Canadian federal systems, as considered by the Commission:

### **4.1. Distribution of Powers**

**India:** India follows a quasi-federal structure where the Centre has greater power compared to the States. The Indian Constitution has three lists—Union List, State List, and Concurrent List—to distribute legislative powers. The Union government has supremacy in many critical areas, including defence, foreign affairs, and finance, while the States primarily handle local governance issues. In the case of a conflict on matters in the Concurrent List, central laws prevail.

**United States:** The U.S. has a dual federalism model, meaning that both the federal government and state governments have their own separate spheres of powers. The Constitution provides a clear division between federal and state responsibilities. States have

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significant independence, particularly in areas such as education, criminal law, and local governance.

**Canada:** Canada follows a centralized federalism system somewhat similar to India's. The Canadian federal government has more dominance, especially in areas of finance and national policy. However, Canadian provinces also enjoy considerable autonomy in key areas like education, healthcare, and natural resources. Like India, Canada has a provision for residual powers resting with the federal government.

**Sarkaria Commission's View:** The Commission noted that while both the U.S. and Canadian models provide valuable insights, India's context is unique due to its large and diverse population, cultural heterogeneity, and history of linguistic and regional differences. It argued that India's federal structure must be more flexible to accommodate regional diversity while ensuring national unity.

#### **4.2. Residual Powers**

**India:** In India, residual powers (those not listed in the Union, State, or Concurrent Lists) are vested in the Union Government. This was seen as necessary to maintain national integrity and handle unforeseen issues that might arise in the future.

**United States:** In the U.S., residual powers are vested in the States. The Tenth Amendment of the U.S. Constitution reserves all powers not delegated to the federal government for the states or the people.

**Canada:** Similar to India, residual powers in Canada are vested in the Federal Government. This was a deliberate choice made during the framing of the Canadian Constitution to ensure a strong central government to maintain the unity of the country.

**Sarkaria Commission's View:** The commission supported the idea of retaining residual powers with the Centre in India, similar to Canada, to prevent potential conflicts between the Centre and States over unforeseen subjects. However, it emphasized that such powers should be used cautiously and in consultation with the States.

#### **4.3. Role of Judiciary**

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**India:** The Indian judiciary, particularly the Supreme Court, plays a pivotal role in resolving disputes between the Centre and States over legislative and administrative matters. The court is the final arbiter in constitutional disputes.

**United States:** In the U.S., the Supreme Court has been instrumental in defining the balance of power between the federal government and the states through judicial review. Over time, its decisions have either expanded or limited federal powers, significantly shaping U.S. federalism.

**Canada:** In Canada, the Supreme Court of Canada similarly resolves conflicts between federal and provincial laws, and it has often been involved in delineating the boundaries of provincial autonomy, especially on matters related to resource management and taxation.

**Sarkaria Commission's View:** The Commission highlighted the importance of the judiciary in safeguarding federalism, noting that India's Supreme Court has effectively resolved disputes and maintained the balance between the Centre and the States. It argued that judicial review is essential for preserving federal integrity.

#### **4.4.Role of the Governor**

**India:** The role of the Governor in India has often been a point of contention in Centre-State relations. Governors are appointed by the Centre and can have a significant influence in state politics, especially during political instability. This sometimes leads to accusations of bias toward the central government.

**United States:** In the U.S., governors are elected by the people of the state and enjoy significant executive power independent of the federal government.

**Canada:** Canada has Lieutenant Governors who represent the Crown in each province, appointed by the federal government, but they generally play a ceremonial role and do not intervene in provincial governance.

**Sarkaria Commission's View:** The Commission recommended that in India, the appointment of Governors should be more consultative, with the State government having a

say in the process. It also emphasized that Governors should act impartially and not be influenced by the Centre, especially in times of political crises.<sup>3</sup>

The Sarkaria Commission, had a profound impact on Indian federalism by addressing the growing tensions between the Centre and States. The commission's recommendations aimed at creating a more balanced and cooperative federal structure, providing critical reforms in areas such as the use of Article 356 (President's Rule), the role of Governors, financial devolution, and the division of legislative powers. These reforms, along with subsequent developments, have shaped the dynamics of Centre-State relations in India.

## **5. Major Impacts of the Sarkaria Commission**

### **5.1. Restricting the Misuse of Article 356:**

One of the commission's most important contributions was addressing the misuse of Article 356, which allows the Centre to dismiss state governments and impose President's Rule. The Sarkaria Commission recommended that Article 356 should only be invoked as a last resort. This recommendation was reinforced by the Supreme Court's judgment in the S.R. Bommai case (1994), which ruled that the imposition of President's Rule is subject to judicial review. This significantly reduced the arbitrary use of the provision, protecting state governments from undue interference by the Centre.

### **5.2. Promoting Cooperative Federalism:**

The commission advocated for cooperative federalism, emphasizing that the Centre and States should work collaboratively, especially on matters in the Concurrent List, where both have legislative competence. This led to the creation of the Inter-State Council in 1990, a platform for dialogue and coordination between the Centre and the States. The council has been instrumental in addressing disputes and fostering cooperation, though its effectiveness has fluctuated over the years.

### **5.3. Governor's Role and Appointments:**

To reduce the political misuse of the office of the Governor, the Sarkaria Commission recommended that Governors should be appointed in consultation with the state government. Although this recommendation has not been strictly adhered to, it highlighted the need for depoliticizing the Governor's role. The continuing political

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<sup>3</sup>S. R. Bommai v. Union of India Case 1994.

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controversies surrounding Governors, particularly in cases of government formation and state legislation, indicate that this issue remains unresolved in Indian federalism.

#### **5.4. Financial Devolution:**

The commission underscored the importance of giving states greater financial autonomy, recommending a larger share of central taxes to the states. This led to reforms through the 14th and 15th Finance Commissions, which increased the devolution of central taxes to the states, giving them greater fiscal independence. Additionally, the introduction of the Goods and Services Tax (GST) in 2017 aimed to streamline taxation and create a uniform tax regime. However, the GST system has led to new challenges, particularly regarding revenue-sharing and compensation to states, highlighting the continuing complexities in Centre-State fiscal relations.

#### **5.5. Consultative Legislative Process:**

The Sarkaria Commission also recommended a more consultative approach when the Centre legislates on matters in the Concurrent List. However, in practice, this has been inconsistent, as seen in the case of the Farm Laws of 2020, which were passed without adequate consultation with states, leading to widespread protests. This highlights ongoing tensions in legislative relations between the Centre and the States.

### **6. Post-Sarkaria Developments**

The post-Sarkaria period has been marked by the rise of regional parties and the era of coalition governments, particularly from the 1990s. This shift in the political landscape significantly altered Centre-State relations, with regional parties playing a larger role in national politics. The increasing influence of regional parties has led to greater decentralization and enhanced the bargaining power of states, reshaping Indian federalism.

Additionally, the shift from the Planning Commission to NITI Aayog in 2015 emphasized the role of states in national development, further strengthening cooperative federalism. However, the financial dependence of states on the Centre remains a key challenge, especially in light of recent disputes over GST compensation.

### **7. Lessons for Comparative Public Law and Intergovernmental Relations**

The Sarkaria Commission's recommendations offer valuable lessons for Comparative Public Law and Inter-Governmental Relations, especially in federal systems. Here are the key

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lessons derived from its work, which can be applied to understanding federalism and the interaction between central and regional governments in different contexts:

### **7.1. Balancing Centralization and Regional Autonomy**

**Lesson:** A delicate balance between central authority and regional autonomy is crucial in maintaining a stable federal system. Excessive centralization can lead to alienation and regional unrest, while too much autonomy without coordination can fragment national unity.

**Application in Comparative Public Law:** Federal systems like India (as addressed by the Sarkaria Commission), the U.S., and Canada demonstrate different approaches to balancing these competing forces. In comparative studies, the Indian experience emphasizes the need for flexibility in federal structures, adapting to regional diversity while maintaining strong central oversight when necessary, similar to Canada's model of centralized federalism.

### **7.2. Importance of Cooperative Federalism**

**Lesson:** The Sarkaria Commission highlighted the importance of cooperative federalism, where the Centre and the States work together in policy-making and implementation, especially in areas of shared responsibility (e.g., subjects under the Concurrent List).

**Application in Inter-Governmental Relations:** This concept can be compared with models like the Council of Australian Governments (COAG) or Germany's Bundesrat, where states have formal mechanisms to collaborate with the central government. It underscores the importance of creating platforms like Inter-State Councils for better coordination and conflict resolution in federations.<sup>4</sup>

### **7.3. Role of Constitutional Safeguards**

**Lesson:** Constitutional safeguards, such as judicial review and limitations on the arbitrary use of powers (like Article 356 in India), are essential to protecting the autonomy of regional governments while preventing misuse of central authority.

**Application in Comparative Public Law:** This can be compared with the role of the U.S. Supreme Court in resolving disputes between federal and state governments, and the Canadian Supreme Court in handling provincial autonomy issues. In any federal system, a

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<sup>4</sup>Cooperative Federalism | NITI Aayog.

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strong judiciary is essential to interpreting and enforcing the constitutional balance of power between different levels of government.

#### **7.4. Decentralization of Financial Powers**

**Lesson:** Financial autonomy is critical for regional governments to function effectively. The Sarkaria Commission recommended increasing states' fiscal independence to reduce their dependency on the Centre.

**Application in Inter-Governmental Fiscal Relations:** This lesson can be compared to fiscal federalism models in countries like Switzerland and Germany, where states or cantons have considerable revenue-raising powers. It highlights the need for reforms in financial devolution, especially in countries where central governments dominate resource allocation, as is common in centralized federations.

#### **7.5. Governor's Role and Appointment Process**

**Lesson:** The commission emphasized the need for impartiality and consultation in the appointment of Governors, to prevent the misuse of this office by the Centre. It suggested that the central government should consult the Chief Minister of the concerned state while appointing the Governor.

**Application in Inter-Governmental Relations:** Comparative studies can reflect on the role of regional representatives or governors in other federations, such as Canada's Lieutenant Governors or Germany's Bundesrat members, who represent regional interests in federal matters. Ensuring impartial appointments and defining the powers of such offices can prevent tensions between central and regional governments.

#### **7.6. Flexibility in Constitutional Design**

**Lesson:** The Sarkaria Commission showed that federal constitutions must be flexible enough to evolve with changing political, social, and economic conditions. It recommended revisiting certain provisions, like Article 356, to prevent their misuse.

**Application in Comparative Public Law:** This lesson can be applied to federal systems like Canada and the U.S., where constitutional flexibility is achieved through judicial interpretation or constitutional amendments. In contrast, Belgium's evolving federalism

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demonstrates how legal flexibility can accommodate demands for greater regional autonomy in a multi-ethnic state.

## **Conclusion**

The Sarkaria Commission's recommendations have played a pivotal role in reshaping Centre-State relations in India, reinforcing the principles of cooperative federalism and emphasizing a balanced distribution of powers. By addressing key issues such as the misuse of Article 356, the role of the Governor, financial devolution, and legislative consultation, the Commission sought to create a more harmonious and balanced federal system. While many of its suggestions, such as limiting the arbitrary use of President's Rule and promoting a consultative process in legislative matters, have influenced subsequent legal and political developments, challenges still remain. The rise of regional parties, post-Sarkaria reforms, and ongoing disputes over financial and legislative autonomy continue to shape Indian federalism. The Commission's work also provides valuable lessons for other federal systems worldwide, demonstrating the importance of flexibility, cooperative mechanisms, and judicial safeguards in maintaining a stable and effective balance between central and regional governments. The Sarkaria Commission, therefore, remains a critical reference point for understanding and improving the dynamics of India's federal structure.

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