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# Competitive Exams Center-State Relations Administrative Relations (Part 2 of 2)

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- The success and strength of a federal polity depends upon the maxim of co-operation and co-ordination between the Governments.
- In fact, the adjustment of the administrative relations between the Union and the States is one of the complicated problems in a federal system of Government.
- The framers of the Indian Constitution, therefore, decided to include detailed provisions to avoid clashes between the Centre and the States in the administrative domain.
- The Indian Constitution has a strong mark towards the Centre to make it strong. The Central administration prevails over the State administration.
- The executive powers of the State should be so exercised as to ensure compliance with the laws of the Parliament (Art. 256) and not impede or prejudice the executive power of the Union (Art. 257) .
- If the State does not comply with the directives of the Centre, the latter may invoke Art. 356 and take-over the administration of the State to itself (President's rule) .
- Under Art. 258 (2) , the Parliament is given power to use the State machinery to enforce the Union laws.
- In case of any untoward happenings, officials of the All-India Services [e. g. IAS, IPS and IFS (Forest) ] can only be suspended by the President. The State cannot take disciplinary action.
- The Centre can deploy military and paramilitary forces in a State, even against the wishes of the State Government.
- In case of disputes related to the waters of the inter-State rivers or river valleys, the Parliament has power to adjudicate. Under this power, the Parliament has constituted a 3-member River Water Tribunal whose award, if published by the Union Government in the Gazette, is binding on the concerned States (Art. 262) .

- For co-ordination between the States, the President is empowered under Art. 263 to constitute a Council to resolve the disputes and or to discuss subjects of common interest between the States inter se and between the States and the Union. Exercising this power, the President has so far constituted three such Councils (i) Central Council of Health (ii) ; Central Council of Local Self-government; and (iii) Transport and Development Council.

## Financial Relations

- The provisions for the financial relations between the Union and the States are heavily derived from the Government of India Act, 1935.
- The Constitution makes a distinction between the legislative powers to levy a tax the financial power to appropriate the proceeds of the tax. But this division is not water-tight.
- The residuary power regarding the taxes belongs to the Parliament.
- Practically, the States have little power in taxation and are heavily dependent on the Centre for financial resources. For this reason, they are often called ‘Glorified Municipalities’
- The chief source of the finance for the States is the Grants-in-aid from the Centre. Thus the Centre has an overwhelming control over the finances of the States.
- The Constitution classifies the Union taxes into categories on the basis of their collection and appropriation between the Union and the States. These are: Taxes levied and collected by the Union and distributed between the Union and the States (Art. 270) . This includes taxes on income other than the agricultural income. The ratio of the division, decided by the Finance Commission appointed by the President every five year, is 78: 22 and taxes levied and collected by the Union but may be shared with the States. This includes the customs and excise duties (other than those on medicinal and toilet preparations) , if the Parliament by law so provides.
- Apart from these, the Centre also has powers to grant loans and provide &ants-in-aid (Art. 275) to the States especially for the purposes of promoting the welfare of the Scheduled Tribes and raising the level of administration of the Scheduled Areas. This is, in fact, the most important source of income for the States.
- The Union Government can borrow money on the security of the Consolidated Fund of India, but to raise loans, the States are required to take prior permission of the Parliament.

## Inter-State Council

- In a dual polity within the federal framework, co-ordination of the National and the State policies and their implementation becomes crucial, especially in view of the large areas of common interest and shared action. A federal forum that assists in the

co-operation and co-ordination is provided in Art. 263 to bring together the federal units. Article 263 says-If at any time it appears to the President that the public interest would be served by the establishment of a Council charged with the duty of

- inquiring into and advising upon the disputes which may have arisen between the States
- investigating and discussing the subjects in which some or all of the States, or the Union and one or more of the States, have a common interest; or
- making recommendations on any such subject and, in particular, recommendations for the better co-ordination of the policy and action with respect to that subject, he may establish such a Council.
- The Ministers of State in the Union Council may be invited to the meetings if the agenda has any relevance for them.
- The proceedings of the Council are to be held in camera and decisions are to be taken by consensus.
- Previously, the President set up Central Council of Local Self Government, Transport Development Council etc.
- The Sarkaria Commission recommended that in order to differentiate the Inter-State Council from other bodies set up under the Article, it must be called the Inter Governmental Council.

## Duties of Council

The duty of any such Council is to inquire into and advise upon the relevant matters and not one of adjudicating. The President set up the Inter State Council in 1990 with the following composition:

1. The Prime Minister as the Chairman
2. Chief Ministers of the States and those of the UTs with a Legislative Assembly
3. Six Union Cabinet Ministers as the members.
4. In July 1997, the Inter-State Council meeting resolved to implement the Alternative Devolution Scheme of the Tenth Finance Commission and also recommended significant steps for making the use of Art. 356 d