30.12.19

Q:- Do you think that states operational freedom to function within their specified jurisdictions is highly curtailed in the country? Comment.

India is quasi-federal, recently India's co-operative federalism is eroding. Constitution provided various institutions for cooperative federalism like inter state council (Centre and State consultation platform), NDC, Planning Commission, Finance Commission (share of tax revenues) and now NITI Aayog.

However, Union government actually enlarged its jurisdiction in State autonomy.

STATE'S OPERATIONAL FREEDOM - CURTAILED :-

1. Abrogation of Article 370 :- Jammu and Kashmir, a full-fledged state was split to two UT's at the time when there was governor's ~~rule~~ rule and state assembly in suspension.

1.1 It was done without ascertaining the views of the state government in contra-vention of Article 3.

2. cess and surcharges → not in divisible pool:-

The 14th FC hiked the states share in the centre tax revenue from 32% to 42%, to promote states autonomy in resource

allocation. But, the centre mobilised reve
by levying cesses and surcharges, not includ
in divisible pool.

2.1 It decline gross tax revenue of centre
to 78% in FY 20.

2.2 Total central transfer to states/UT → ₹4.1 lakh crore
in FY 18, but cess and surcharge is Rs. 3 lakh crore.

3. Restructuring and rationalisation of the Centrally
sponsored scheme (CSS):- Sharing pattern of
financing between centre and states remain
unchanged. It burden on States resources.

3.1 For general category state core scheme
raised to 40% of total cost and 50% for optional.

3.2 States spend largely to CSS, instead of
their need based scheme.

4. Additional Terms of Reference (AToR) → given to
15th FC :- By protecting defence and internal
security expenditures of the Union government,
donot fit into the framework of the Article
280(3).

4.1 Defence → Union list, internal security → states
responsibility. If states requisition paramilitary
forces, they bear the expenses.

4.2 Defence expenditure is declied to 1.54% and
low budget provision of 2019-20 to meet its slowdown
of economy with FD at 33% are reasons for
this action.

5. GST → the states give up their autonomy of
nine state taxes. Cut in corporate taxes impact on divisi
ble pool and not releasing GST compensation

to states → failing their growth.

All these are clearly shows that states cooperation with centre are eroding. This should be taking into consideration by Union to promote ~~the~~ its constitution pillar ~~to bridge its~~ cooperative federalism effectively, with the states.