

Centre–State Relations and the Changing Nature of Cooperative Federalism in India: A Framework of Negotiated Interdependence

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Abstract

India's federal system combines constitutionally distributed authority with dense forms of fiscal, administrative and institutional interdependence. This article examines how Centre–State relations have changed since 2014, with particular attention to the replacement of the Planning Commission by NITI Aayog, the constitutionalisation and operation of the Goods and Services Tax (GST) Council, successive Finance Commission awards, intergovernmental consultative mechanisms and recent judicial interpretation. Rather than treating contemporary Indian federalism as a binary movement towards either centralisation or decentralisation, the study develops the concept of negotiated interdependence to analyse the coexistence of self-rule, shared rule, fiscal dependence, policy coordination, inter-State competition and constitutional disagreement. The research uses a qualitative, document-based and comparative design. It draws on the Constitution of India, Supreme Court judgments and advisory opinions, Finance Commission reports, official records of NITI Aayog, the GST Council and the Ministry of Home Affairs, together with peer-reviewed scholarship. The analysis shows that institutional change has produced different effects across policy domains. Formula-based tax devolution can strengthen predictability while the composition of the divisible pool, grants, centrally sponsored schemes and borrowing conditions continue to shape State fiscal space. GST reduces unilateral discretion over several indirect taxes but embeds States in a constitutionally structured decision-making forum. Judicial review, meanwhile, continues to define the boundaries of shared and autonomous authority. The article concludes that negotiated interdependence provides a more precise description of the contemporary federal relationship than a single centralisation–decentralisation continuum.

Keywords: Indian federalism; cooperative federalism; Centre–State relations; fiscal federalism; GST Council; NITI Aayog; negotiated interdependence; multilevel governance

Introduction

Federalism addresses the institutional problem of combining common government with territorially organised government. Classical approaches emphasised constitutionally protected divisions of authority, while later scholarship increasingly recognised that modern federations

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operate through a mixture of self-rule and shared rule, intergovernmental transfers, administrative coordination and negotiated policy implementation (Elazar, 1987; Oates, 1972; Watts, 2008). This broader perspective is especially relevant to policy areas such as public finance, infrastructure, welfare, environmental governance, public health and disaster management, where the responsibilities of national and subnational governments routinely intersect. Federalism is therefore not only a constitutional allocation of competences; it is also an institutional process through which governments coordinate, bargain, compete and resolve disputes.

India provides a particularly important case because its Constitution establishes territorially organised State governments while also creating extensive mechanisms for Union coordination. Legislative competence is distributed primarily through Article 246 and the Seventh Schedule, with residuary legislative authority vested in Parliament under Article 248 subject to Article 246A. Administrative relations are governed by, among other provisions, Articles 256–263, while Article 280 establishes the Finance Commission as a periodic constitutional mechanism for fiscal sharing. These arrangements combine State responsibility in major areas of governance with national legislative, fiscal and administrative instruments. The result is a federal system in which autonomy and interdependence are structurally connected rather than mutually exclusive.

The period since 2014 is analytically significant because several major institutions and fiscal arrangements have changed or matured during it. NITI Aayog replaced the Planning Commission in 2015 and adopted a consultative and policy-coordination role rather than reproducing the earlier plan-allocation system. The Constitution (One Hundred and First Amendment) Act, 2016 introduced Articles 246A and 279A, thereby creating a distinctive arrangement of simultaneous legislative competence over GST and a permanent constitutional forum for intergovernmental tax coordination. The Finance Commission system has continued to shape rule-based tax devolution, while centrally sponsored schemes, grants and borrowing arrangements remain important components of State fiscal capacity. Constitutional litigation has also become an important arena through which the boundaries of federal authority are clarified.

These developments do not point in a single direction. Greater formula-based devolution may increase the predictability of transfers, while common tax institutions may reduce unilateral tax discretion in some fields. Intergovernmental forums may deepen consultation without transferring legal authority. Nationally designed programmes may depend heavily on State implementation while still constraining programme design. Judicial intervention may protect constitutional boundaries while also shifting particular disputes from political negotiation to legal adjudication. For this reason, the empirical question is not whether Indian federalism has simply become more centralised or more decentralised, but how different forms of autonomy, coordination, dependence and bargaining now interact across institutions and policy domains.

Conceptual Framework

A clear distinction among related concepts is necessary because they capture different dimensions of a federation. Cooperative federalism refers to consultation, coordination and joint action among governments. Competitive federalism concerns competition among

territorial governments for investment, innovation, administrative performance or policy outcomes. Fiscal federalism addresses the assignment of revenue and expenditure responsibilities, intergovernmental transfers and borrowing. Intergovernmental relations encompass the broader formal and informal interactions through which governments coordinate policy and manage disputes. Asymmetric federalism describes constitutionally or statutorily differentiated territorial arrangements, while centralisation and decentralisation refer to changes in the location and effective exercise of public authority. These processes can coexist: a federation can become more coordinated in one policy area while preserving, or even expanding, subnational discretion in another.

The central analytical concept developed here is negotiated interdependence. It refers to a condition in which constitutionally distinct governments retain legally protected spheres of authority but increasingly depend on one another for revenue, implementation, coordination, information and dispute management. The term 'negotiated' does not imply that every decision results from an explicit bargain or that all governments possess equal bargaining power. Rather, it identifies an institutional environment in which policy outcomes are shaped by repeated interaction through constitutional bodies, fiscal transfers, administrative arrangements, political consultation and judicial clarification. Interdependence is therefore observable when neither level of government can fully achieve policy objectives through unilateral action within a given domain.

The concept differs from a simple claim of cooperative federalism in two respects. First, it treats disagreement as compatible with federal cooperation, provided that disagreements are channelled through constitutional and institutional mechanisms. Secondly, it allows different domains to display different balances of autonomy and dependence. The framework therefore evaluates institutions along four questions: what authority remains autonomous; what form of interdependence is created; what mechanism structures negotiation or coordination; and what outcome follows for State policy space. This approach is used consistently in the analysis below.

Table 1. Core concepts and analytical indicators

Concept	Principal focus	Indicative mechanisms / observable indicators
Cooperative federalism	Coordination and shared action	Councils, consultation, joint programmes, negotiated implementation
Competitive federalism	Inter-State developmental and policy competition	Benchmarking, investment competition, policy experimentation, performance comparison
Fiscal federalism	Allocation of fiscal powers and responsibilities	Tax assignment, devolution, grants, borrowing and vertical fiscal imbalance

Concept	Principal focus	Indicative mechanisms / observable indicators
Intergovernmental relations	Interaction among governmental levels	Formal councils, administrative coordination, bargaining and dispute management
Asymmetric federalism	Differentiated territorial arrangements	Constitutionally or statutorily differentiated powers and institutions
Centralisation / decentralisation	Location of effective governmental discretion	Changes in legislative, fiscal or administrative autonomy
Negotiated interdependence	Coexistence of autonomy and mutual dependence	Autonomous authority + shared institutions + fiscal/administrative dependence + bargaining or adjudication

Source: *Author's conceptual synthesis based on Elazar (1987), Oates (1972), Watts (2008) and the constitutional framework of Indian federalism.*

Literature Review

Classical federal theory offers several foundations for analysing the Indian case. Riker (1964) conceptualised federalism as a political bargain that distributes authority between levels of government, while Elazar (1987) emphasised the relationship between self-rule and shared rule. Oates (1972) provided a fiscal framework for assigning public functions according to the territorial distribution of preferences, costs and benefits. Watts (2008) subsequently highlighted the diversity of federal arrangements and the importance of intergovernmental processes in sustaining multilevel governance. Taken together, these approaches suggest that federalism should be assessed not only by constitutional text but also by the institutions through which authority is exercised and shared.

Indian scholarship has long noted the coexistence of State governments with comparatively extensive coordinating powers at the Union level. Tillin (2021) places centralising features of India's constitutional development within the historical context of nation-building, economic development and welfare objectives. Her account cautions against reducing the Indian system to a single static label because the purposes and effects of federal institutions have changed over time. Judicial federalism forms a related strand of the literature. Swenden and Saxena (2022) show that Supreme Court adjudication has materially shaped the boundaries of federal authority, demonstrating that the effective distribution of power depends on constitutional interpretation as well as formal allocation.

Recent comparative work also emphasises the relationship between territorial accommodation, electoral competition and multilevel governance. Adeney and Swenden (2024) compare India with other multinational and multilevel systems and show that self-rule and shared rule are mediated by institutional and electoral contexts. Their analysis is important for the present

study because it indicates that political competition can influence federal interaction without providing a complete explanation of policy outcomes. Similar caution is necessary when interpreting disagreements between governments: partisan difference may shape bargaining, but the institutional consequences depend on legal authority, fiscal resources and the design of intergovernmental forums.

Fiscal federalism is one of the most developed areas of research on Centre–State relations. Darshini and Gayithri (2024) document substantial variation in resource gaps and fiscal dependence across major States, warning against treating national aggregates as a direct measure of State autonomy. Joseph and Kumary (2023), with special reference to Kerala, analyse GST as a restructuring of fiscal federalism that combines revenue harmonisation, tax sharing and a constitutionally embedded Council. The second edition of *Indian Fiscal Federalism* by Reddy, Reddy and Chakraborty (2025) likewise situates the post-2015 institutional landscape within the longer evolution of Finance Commissions, the Planning Commission, NITI Aayog and GST. This literature makes clear that fiscal autonomy depends on more than a single devolution percentage: own revenues, grants, tax design, the size of the divisible pool, borrowing and programme-linked transfers all matter.

The GST literature illustrates the analytical difficulty particularly well. GST reduced the scope for unilateral alteration of several indirect taxes that were subsumed into the new regime, but it simultaneously created a constitutionally structured forum in which States participate collectively in recommendations on the tax system. The Supreme Court's decision in *Union of India v. Mohit Minerals Pvt. Ltd.* (2022) clarified that GST Council recommendations are not, as a general constitutional proposition, binding on Parliament and State legislatures, and emphasised the simultaneous legislative power created by Article 246A. The case therefore demonstrates that institutional coordination should not be conflated with legal subordination.

A gap nevertheless remains. Constitutional studies may identify formal authority without measuring fiscal dependence; fiscal studies may quantify transfers without capturing the quality or legal status of consultation; programme studies may illuminate implementation but not the broader institutional structure; and analyses of political competition may not integrate financial and judicial dimensions. The present study addresses this fragmentation by applying a common framework to constitutional authority, fiscal relations, intergovernmental institutions, administrative coordination and judicial dispute management. Its novelty lies less in claiming a single new direction of federal change than in identifying how different mechanisms combine to produce negotiated interdependence across policy domains.

Research Methodology

The study adopts a qualitative, analytical and comparative documentary design. Its primary temporal focus is the period from 2014 to June 2026, while earlier constitutional arrangements and Finance Commission awards are used as historical baselines. The method is appropriate because the research questions concern formal constitutional powers, institutional design, fiscal arrangements, documented intergovernmental interaction and judicial interpretation rather than individual attitudes or behavioural responses. No surveys, interviews or questionnaires are used, and the analysis does not infer political motives that are not documented in the sources.

Sources are selected purposively according to their direct relevance to the four research questions. Primary legal sources include the Constitution of India and Supreme Court decisions that clarify the federal implications of GST or the constitutional process governing State Bills. Primary institutional sources include reports of the Thirteenth to Sixteenth Finance Commissions, official materials of the GST Council, NITI Aayog and the Ministry of Home Affairs, and the States Reorganisation Act, 1956. These are supplemented by peer-reviewed and scholarly studies identified in the literature review. Official sources are used to establish legal rules, institutional composition, meeting records and fiscal recommendations; scholarly sources are used to interpret patterns, compare competing explanations and situate developments within wider federal theory.

The documentary material is analysed through a structured comparison across eight dimensions: institutional cooperation, fiscal autonomy, vertical fiscal dependence, policy coordination, administrative discretion, intergovernmental consultation, State-level flexibility and management of constitutional disagreement. The existence of a council or programme is not treated as sufficient evidence of cooperation. Instead, attention is given to legal status, membership, allocation of authority, the frequency or institutionalisation of interaction, and the relationship between common decision-making and implementation discretion. Similarly, fiscal autonomy is not inferred from devolution percentages alone; the analysis distinguishes the share of the divisible pool from grants, centrally sponsored schemes, own revenues, borrowing and the tax powers altered by GST.

Constitutional and Institutional Analysis of Centre–State Relations

Constitutional foundations

The Constitution distributes legislative competence through the Union, State and Concurrent Lists while also providing mechanisms through which the Union may act in specified circumstances. Article 246 and the Seventh Schedule remain the central organising provisions, while Article 248 confers residuary legislative power on Parliament subject to Article 246A. Articles 256–263 structure important aspects of administrative relations and intergovernmental coordination, Article 280 establishes the Finance Commission, and Article 282 permits grants for public purposes. These provisions create neither complete separation nor a unitary administrative chain. Instead, they establish autonomous fields alongside multiple channels of coordination and fiscal linkage.

The introduction of Article 246A through the Constitution (One Hundred and First Amendment) Act, 2016 is particularly important because it gives Parliament and State legislatures simultaneous power to make laws with respect to GST, subject to Parliament's exclusive power over inter-State supplies. Article 279A establishes the GST Council and prescribes a formal voting structure in which the Union Government carries one-third of the weighted votes and the States collectively carry two-thirds; a decision put to vote requires at least three-fourths of the weighted votes of members present and voting. The design therefore institutionalises both common decision-making and distinct legislative authority.

The constitutional structure also contains mechanisms for intergovernmental consultation that differ in legal character. The Inter-State Council derives from Article 263, while the five Zonal

Councils are statutory bodies established under Part III of the States Reorganisation Act, 1956. The distinction matters analytically because federal institutions cannot be treated as interchangeable: some are constitutional, some statutory and some executive; some exercise recommendatory functions, while others affect fiscal distribution or legal interpretation.

NITI Aayog and consultative federalism

The replacement of the Planning Commission by NITI Aayog in 2015 altered the institutional form of development-policy coordination. NITI Aayog's Governing Council includes the Prime Minister, Chief Ministers of States and Union Territories with legislatures, Lieutenant Governors or Administrators of other Union Territories, and other members of NITI Aayog. Its formal role is consultative and coordinative rather than one of reproducing the former plan-allocation architecture. This distinction is important because institutional change cannot be interpreted simply as an increase or decrease in State power; it changes the channel through which national and State governments interact.

By 11 June 2026, eleven meetings of the Governing Council had been held. The continued use of the forum demonstrates an institutionalised channel for high-level consultation, although the existence of meetings alone does not establish the extent to which State preferences determine national policy. NITI Aayog also combines cooperative and competitive instruments: it supports consultation, capacity-building and sharing of practices while using benchmarking and performance comparison in several policy initiatives. This mixture illustrates why cooperation and competition should be analysed as dimensions of the same multilevel system rather than as opposites.

The GST Council and judicial clarification

The GST Council is one of the clearest examples of constitutionally structured interdependence. Several indirect taxes previously administered separately by the Union and States were integrated into the GST framework, reducing unilateral discretion over parts of the tax base. At the same time, States participate collectively in a permanent constitutional forum that recommends rates, exemptions, model laws and other aspects of GST design. The formal voting rule gives neither the Union nor the States, acting collectively without sufficient support from the other side, an uncomplicated path to the three-fourths threshold. In practice, the Council describes consensus as its normal approach, reinforcing the importance of negotiation in the operation of the system.

The legal status of Council recommendations was clarified in *Union of India v. Mohit Minerals Pvt. Ltd.* (2022). The Supreme Court held that the recommendations of the GST Council are not binding on the Union and States as a general constitutional rule. The Court linked this conclusion to the simultaneous legislative power under Article 246A and treated Council recommendations as having persuasive value within a system designed to foster cooperative federalism. The judgment is significant because it separates the institutional expectation of coordination from the existence of independent legislative competence. GST therefore creates structured interdependence without converting the Council into a superior legislature.

Table 2. Selected mechanisms of Centre–State coordination

Institution	Legal / institutional basis	Principal function	Federal characteristic
NITI Aayog Governing Council	Executive arrangement	Development-policy consultation and coordination	Consultative; no direct plan-allocation role
Finance Commission	Article 280	Tax devolution and grants	Periodic constitutional fiscal commission
GST Council	Article 279A	Recommendations concerning GST	Permanent constitutional intergovernmental forum
Inter-State Council	Article 263	Discussion and advice on intergovernmental issues	Constitutionally enabled consultative mechanism
Zonal Councils	States Reorganisation Act, 1956	Regional coordination and inter-State discussion	Statutory advisory mechanism
Supreme Court	Constitution of India	Interpretation of federal competences and procedures	Judicial definition of constitutional boundaries

Source: Author's compilation from the Constitution of India; NITI Aayog (2026); GST Council; Ministry of Home Affairs; States Reorganisation Act, 1956; and relevant Supreme Court decisions.

Fiscal Federalism and the Changing Financial Relationship

Vertical devolution and fiscal capacity

Fiscal relations provide one of the clearest measures of intergovernmental dependence because States carry substantial expenditure responsibilities while relying on a combination of own revenues, Union tax devolution, grants and borrowing. The resulting vertical fiscal imbalance makes transfers an enduring feature of Indian federalism. Yet the direction of federal change cannot be inferred from the tax-devolution percentage alone. A larger formula-based share may enhance predictability and untied resources, but actual fiscal space also depends on the size of the divisible pool, grant design, centrally sponsored schemes, borrowing constraints and differences in State revenue capacity.

The change across recent Finance Commissions illustrates both continuity and adjustment. The Thirteenth Finance Commission assigned 32 per cent of the divisible pool to the States. The Fourteenth Finance Commission increased the share to 42 per cent. The Fifteenth Finance Commission recommended 41 per cent for the twenty-eight States after the reorganisation of the former State of Jammu and Kashmir into Union Territories, effectively preserving the earlier vertical balance after accounting for that institutional change. The Sixteenth Finance Commission has recommended retaining the States' share at 41 per cent for the 2026–31 award period.

The Sixteenth Finance Commission's consultations also reveal persistent differences over the appropriate vertical balance. Its report records that eighteen of the twenty-eight States proposed increasing the aggregate State share to 50 per cent, while other States proposed different percentages or changes to the definition of the divisible pool. These submissions are evidence of divergent fiscal preferences within the constitutional process; they do not, by themselves, establish a single political interpretation of Centre–State relations. The Commission ultimately recommended continuity at 41 per cent and separately called for annual disclosure of data on net proceeds certified by the Comptroller and Auditor General to improve transparency around the divisible pool and actual devolution.

Table 3. Vertical tax devolution under recent Finance Commissions

Finance Commission	Award period	States' share of divisible pool
Thirteenth Finance Commission	2010–15	32%
Fourteenth Finance Commission	2015–20	42%
Fifteenth Finance Commission	2021–26	41%
Sixteenth Finance Commission	2026–31	41%

Source: *Reports of the Thirteenth, Fourteenth, Fifteenth and Sixteenth Finance Commissions, Government of India.*

The divisible pool, cesses, grants and State flexibility

The divisible-pool percentage and the share of gross tax revenue reaching States are not identical. The Sixteenth Finance Commission records that the divisible pool as a proportion of the Union's gross tax revenue declined across the recent award periods as the relative importance of cesses and surcharges changed. It also records concerns raised by several States about the exclusion of cesses and surcharges from the divisible pool and proposals ranging from their inclusion to caps or compensatory increases in vertical devolution. These are State submissions rather than conclusions adopted by the Commission. The Commission's own analysis takes a different position on several of these proposals and concludes that the constitutional design does not presently permit the inclusion of cesses and surcharges in the divisible pool in the manner suggested by States.

This disagreement illustrates negotiated interdependence particularly well. States can press for changes through Finance Commission consultations and other political forums, while the Commission evaluates those claims within its constitutional terms of reference. The Union, for its part, retains fiscal instruments and responsibilities that it argues require adequate national fiscal space. The important analytical point is not to resolve this normative disagreement, but to identify the institutional channel through which competing claims are documented, assessed and translated into recommendations.

Centrally sponsored schemes add a further layer. Programme-linked transfers can support common national objectives and provide resources for State implementation, but their design can also condition how funds are used. The degree of State autonomy therefore depends on scheme-specific features such as cost-sharing, permissible adaptations, implementation rules and the extent of untied resources. The Sixteenth Finance Commission recognises arguments for rationalisation and greater sensitivity to differing State conditions. This supports a domain-specific approach: centrally sponsored schemes should not be classified as uniformly cooperative or uniformly restrictive without examining their actual design.

GST and State tax discretion

GST changes fiscal federalism in a different way from Finance Commission devolution. Devolution concerns the sharing of specified Union tax revenues, whereas GST restructures the exercise of tax powers themselves. By subsuming multiple indirect taxes into a common framework, GST limits unilateral alteration of parts of the tax system that were previously within separate Union or State domains. The trade-off is institutional participation: States exercise influence collectively through the GST Council and retain simultaneous legislative competence under Article 246A, subject to the constitutional distribution of power over inter-State supplies.

The resulting arrangement should therefore be described as structured fiscal interdependence rather than as a one-directional transfer of tax authority. It creates a strong incentive for coordination because fragmented action can affect a harmonised national tax system, yet Mohit Minerals preserves the distinction between Council recommendation and legislative power. The system's federal character lies precisely in this tension between harmonisation and constitutional plurality.

Cooperative and Competitive Federalism

Cooperative and competitive federalism are often presented as alternative models, but contemporary practice demonstrates that they can operate simultaneously. States cooperate in tax administration, infrastructure, welfare programmes, disaster management and national development initiatives while also competing for investment, innovation, administrative performance and policy recognition. Competition can generate experimentation and diffusion of successful practices, although its effects depend on the resources and institutional capacities available to different States.

NITI Aayog's institutional model captures this duality. The Governing Council and State-engagement mechanisms are designed for consultation, while benchmarking and performance measurement compare outcomes across jurisdictions. These competitive instruments operate

within a national policy environment rather than outside it. Accordingly, the relevant question is not whether competition replaces cooperation, but whether common frameworks preserve sufficient room for territorially differentiated strategies and whether performance comparisons account for unequal starting conditions and capacities.

The Smart Cities Mission provides a useful programme-level illustration. Reardon et al. (2024) show that multilevel implementation can involve substantial interaction among governmental levels while the programme architecture remains nationally structured. This finding reinforces the distinction between participation in implementation and discretion over design. A State or city may exercise meaningful administrative agency within a programme without possessing full control over its objectives, funding conditions or evaluative criteria. Negotiated interdependence captures this combination more accurately than a binary label.

Political and Judicial Dynamics of Intergovernmental Relations

Political competition is an unavoidable feature of a federation because Union and State governments possess distinct democratic mandates and territorial constituencies. Disagreement over taxation, expenditure priorities, legislation or administrative authority is therefore not, by itself, evidence of constitutional breakdown. Comparative scholarship indicates that electoral incentives interact with institutions of self-rule, shared rule and territorial accommodation (Adeney & Swenden, 2024). Governments with different political affiliations may cooperate where interests converge, while governments led by similar parties may still pursue distinct territorial priorities. The appropriate analytical focus is consequently on how institutions process disagreement rather than on assuming that party alignment determines outcomes.

The constitutional process for State Bills provides a contemporary example of judicially structured federal interaction. In its 2025 advisory opinion in *In re: Assent, Withholding or Reservation of Bills by the Governor and the President*, the Supreme Court interpreted Article 200 as providing the Governor with three constitutional options: assent; reservation for the consideration of the President; or withholding assent and returning a non-Money Bill to the legislature with comments. The Court held that the merits of the Governor's constitutional choice are not open to judicial review, while prolonged, unexplained and indefinite inaction may invite limited judicial scrutiny and a direction to act within a reasonable period. It also declined to prescribe fixed judicial timelines where the Constitution itself specifies none.

The significance of the advisory opinion for federalism lies in the way it delineates institutional responsibility. It neither converts the Governor's Article 200 function into unrestricted judicially reviewable discretion nor treats indefinite inaction as constitutionally insulated. Instead, it marks a boundary between constitutional choice and the duty to exercise that choice. This is another form of negotiated interdependence in a broad institutional sense: political disagreement over State legislation can move through executive, legislative and judicial channels, with the Court defining procedural limits without substituting itself for the constitutional decision-maker on the merits.

Discussion:

The evidence does not support reducing contemporary Indian federalism to a uniform movement towards either centralisation or decentralisation. Different institutions generate

different distributions of authority. NITI Aayog institutionalises consultation but does not replicate the former plan-allocation role of the Planning Commission. The Finance Commission provides rule-based fiscal sharing while leaving important questions of the divisible pool, grants and overall fiscal capacity to a wider set of constitutional and policy arrangements. GST limits unilateral tax discretion in important areas yet constitutionally embeds States in a collective decision-making forum and preserves simultaneous legislative competence. Judicial review defines legal boundaries and procedural obligations without eliminating the political character of intergovernmental negotiation.

Table 5 applies the negotiated-interdependence framework across these domains. The pattern is consistent: each major institution combines an element of autonomous authority with a source of mutual dependence and a mechanism for negotiation or adjustment. The balance varies considerably. Finance Commission devolution is formula-based and periodic; GST coordination is continuous and constitutionally institutionalised; NITI Aayog is consultative; centrally sponsored schemes are programme-specific; and constitutional disputes may culminate in judicial interpretation. Treating all of these mechanisms as equivalent forms of 'cooperation' would conceal their different legal consequences.

This framework also helps clarify the relationship between cooperation and conflict. Cooperative federalism does not require the absence of disagreement. In a large and diverse federation, disagreement over resources, legislative competence and programme design is expected. The quality of federal governance instead depends on whether institutions provide regular consultation, clear rules, transparent fiscal information, meaningful implementation space and credible means of dispute resolution. Negotiated interdependence therefore shifts analysis from the question 'Who has more power overall?' to the more precise questions 'Which authority is being exercised, through which institution, with what dependencies, and with what scope for adaptation or contestation?'.

There are also limits to the concept. Interdependence can exist without symmetry, and negotiation can occur under unequal fiscal or political conditions. A consultative forum may be formally inclusive while differing substantially in agenda control or implementation influence. Similarly, aggregate fiscal indicators can obscure the very different capacities of individual States. The framework should therefore be understood as a diagnostic model for organising evidence, not as a claim that bargaining power is equal or that all intergovernmental interactions are consensual.

Table 4. Synthesis of negotiated interdependence in contemporary Centre–State relations

Domain	Autonomous authority	Source of interdependence	Principal negotiation / adjustment mechanism
Legislative	Union and State legislative fields	Overlapping and concurrent	Constitutional rules, intergovernmental

Domain	Autonomous authority	Source of interdependence	Principal negotiation / adjustment mechanism
	under the Constitution	competences in selected domains	consultation and judicial interpretation
Development policy	State implementation and sectoral responsibilities	Common national development priorities and shared programmes	NITI Aayog, sectoral consultations and programme design
Tax devolution	State expenditure choices over devolved untied resources	Vertical fiscal imbalance and shared Union tax revenues	Finance Commission recommendations and constitutional devolution
GST	Simultaneous legislative competence under Article 246A	Harmonised indirect-tax framework	GST Council recommendations, consensus-seeking and formal voting rules
Centrally sponsored schemes	State administrative implementation	Conditional and cost-shared programme finance	Scheme-level negotiation, adaptation and implementation arrangements
Constitutional disputes	Distinct constitutional offices and legislatures	Need to resolve competence or procedural disagreement	Supreme Court adjudication and advisory interpretation

Source: Author's synthesis of the evidence analysed in Sections 5–8.

Conclusion

This article has examined the changing nature of Centre–State relations in India by integrating constitutional, institutional, fiscal, administrative and judicial dimensions. The evidence indicates that contemporary Indian federalism cannot be adequately described as a uniform shift towards either centralisation or decentralisation. Instead, it displays domain-specific combinations of autonomy, coordination and dependence. NITI Aayog has changed the form of development-policy consultation; GST has created a permanent constitutional mechanism for shared tax coordination while preserving distinct legislative authority; successive Finance Commissions have maintained rule-based devolution while debates over the composition of the divisible pool, grants and fiscal space continue; and judicial interpretation remains central to defining the limits of constitutional processes.

The article's main analytical contribution is the concept of negotiated interdependence. The concept recognises that the Union and the States are constitutionally distinct governments, yet their responsibilities increasingly intersect through taxation, transfers, programme implementation, intergovernmental institutions and adjudication. Cooperation in this setting does not mean the disappearance of conflict. It refers to the institutional capacity to manage shared responsibilities and disagreements while preserving constitutionally recognised spheres of authority. Competition likewise does not negate cooperation; States may compete on performance or investment while participating in common fiscal and administrative frameworks.

The study has limitations. Documentary analysis cannot directly observe informal bargaining or the preferences of officials engaged in intergovernmental negotiation, and national-level indicators can conceal substantial inter-State variation. Future research should therefore combine the institutional framework developed here with comparative State case studies, longitudinal fiscal analysis and systematically collected primary evidence. Such research could test whether the degree and effects of negotiated interdependence vary by fiscal capacity, policy sector, political configuration or administrative capability. For present purposes, the central conclusion is narrower: the contemporary Indian federation is best understood not through a single directional label, but through the changing institutional arrangements by which autonomous governments coordinate, depend on one another, compete and resolve disagreement.

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