

## Union-State Political Interfaces in Telangana: Fluid Consistencies

K.V.Reddy\*

### Abstract

*This paper explores the trends and tendencies in the realm of Union-state relations in Telangana. While locating the problem of Centre-state relations in a theoretical context, the paper identifies certain concrete issues and political concerns that impact the fluctuating relationship between the union and state governments. Although there are several extents that the problem had been contextualized, the issue of shifting political relations has been focused in this paper. And, this paper has been grounded mostly on the exchange of incidents and events that happened between the Union and state governments in Telangana recently. Further, this paper is confined to only those issues that became controversial and obviously affected the mutual relations during the period.*

**Key Words:** Centre, State, Political, Relationship, Telangana

### Introduction

The Constitution of India has clearly mentioned about the powers and functions of the two governments. Thus there cannot be any controversy on the exercise of their respective powers. Yet, the Centre-state relations became one of the most controversial issues since independence. The expectations of the founding fathers of the Constitution have been sometimes neglected and even some provisions have been abused to the disadvantage of the states. There are no states which are completely immune from the infection of Centre-state conflicts. Constitutionally, both the Centre and the state governments can accomplish their responsibilities, administrative or financial uninterrupted.

On majority of items that figured in the State List, states hardly join an issue with the union government. Similarly, on the issues of Union List too, there is no ground for any sort of controversy between both these governments. But, it is on the Concurrent List as well as on the Residuary subjects on which union have bigger say, that both the regimes got entrapped in some sort of stalemate. Sometimes, the very interpretation of a subject or two by either of the regimes would give scope for the other party to take a different position from that of the one regime.

Union-State relations in India have been marked by many a controversy for over several decades. Although the

\*K.V. Reddy is Professor & Head, Dept of Political Science, Mizoram University, Aizawl-796004;  
Mob: 9436769468; email: kvidyasagarr@gmail.com

constitutional arrangement is consistent and that hardly affected the changes in the relationship between both the governments, political strategies of the concerned governments appeared to be instrumental in making them fluid. Over the years, political regimes at the Centre had always tried to disturb the equilibrium between the two governments and thereby caused the controversy of Centre-state tussle. As a new state of Telangana, it had faced such a regime in the present NDA government at the Centre. The Telangana state and its leadership remained adamant and stuck to its political position in the initial phase. During the course of engagement on various developmental issues, both the governments have been set up on collision course at times. On the other hand, political scenario had mostly influenced the very discourse of Centre-state relations in the state. This is mainly because of different parties ruling both at the Centre and in the states at once, and since the political parties have had their ideological differences displayed so blatantly, there could hardly be any sort of conciliation when the issue of governance is debated. Failure to receive any positive response to its politics and governance from the Centre, the state leadership had gradually changed its stances and seemed to have yielded to the pressures of the Centre. Thus, the consequence of emerging fluid relationship between the two governments is witnessed.

This paper has been aimed at exploring the trends and tendencies in the

realm of Union-state relations in Telangana in the recent period. While positioning the problem of Centre-state relations in an academic context, the paper identifies certain concrete issues and political concerns that impact the shifting relationship between the union and Telangana governments today. Although there are several magnitudes that the problem had been contextualized, the issue of shifting political relations has been focused in this paper. And, this paper has been grounded mostly on the exchange of incidents and events that happened between the Union and state governments in Telangana in the last few years. While some of these incidents were reported in the media channels as occurred on a regular basis, there were some commentaries authored by academics about some other incidents. Incidentally, this paper is confined to only those few issues that became quite controversial and obviously affected the mutual relations during the period. Thus, several other incidents still relevant for the study could not be covered due to paucity of space and time.

### **Federal Relations**

Indian federalism<sup>1</sup> has had a history of unique identity and it is distinct from several other classical federal states like the US, Swiss, Australia and Canada. The implications of federalism have been pragmatic in various federal countries. Hence, it becomes imperative to ensure clear-cut division of powers between the two governments, central and state. As a

follow-up of colonial legacy, federal features have been binding on the governance in the country. Conversely, in the aftermath of partition of Indian sub-continent into India and Pakistan, centralizing tendencies have been on the rise in both theory and practice of our constitution. Accordingly, the constitution of India is a mixture of federal and unitary features<sup>2</sup>. Over the years, changing political and economic circumstances have acclimatized the prospects of Indian federalism. Even the judicial interpretations of the constitutional provisions had also shaped and reshaped it to a great extent. Academically, any reading of Indian federalism enables one to understand the changing Centre-state relations due to its various manifestations at different points of time. Although the constitutional provisions with regard to federal relations between the Centre and states remain constant, its political use had continually altered the applied federal relationship. Thus, practical federalism on account of political manipulation by various regimes at the Centre upset the mutual relations. Started with political dimension of the relations, administrative and economic relations have also undergone major fluctuations.

In consequence, the very federal spirit that bonded the mutual relations had caused to the conflicts among various parties and thereby upset the weighing scale in favor of ruling parties at the Centre. For, usually the central regimes enjoy maximum powers and functions, when compared with their counterparts in

the states. Constitutionally, such an unevenness of governing relationship has been justified in the country. In fact, DrB.R.Ambedkar was on record supporting a strong Union as it was inevitable, as part of his Constituent Assembly debates in 1948-49. Noticeably, the kind of federalism that was incorporated into the Indian political system could scarcely be questioned. Yet there were some states being ruled by the non-congress parties like the CPI in Kerala, DMK in Tamilnadu, Akalidal in Punjab that had raised their voice way back in 1950s and 60s itself.

For instance, the Rajamannar Committee<sup>3</sup> had proposed a number of changes that were intended to increase the powers of the states in respect of planning, finance, taxation and judiciary. The sum and substance of that report was in favor of granting more autonomy for the states, in consistent with the unity and integrity of the country. There were many such efforts towards that end by some non-congress parties and regimes. Yet, nothing progressive materialized thereafter. Given the emerging challenges on the subject, the Indira Gandhi regime at the Centre had appointed the Justice R.S.Sarkaria commission<sup>4</sup> to look into the institutional grievances of the non-congress regimes. Although the commission had undertaken a series of consultations with the major stakeholders, posturing changes were proposed in the relations. Later on, the Sarkaria commission<sup>5</sup> has offered some moderate recommendations whereby the mutual relations could be balanced to

some extent. However, such positive recommendations were hardly considered, leave alone implemented so far.

### **Financial Matters**

Of late, there have been tangible changes in the institutional design of Indian federalism in the last few years. This is more so in the case of its practice on financial relations between the states and the center. The main problem is a disparity between revenue and expenditure dimensions in the case of states. Usually, the state governments implement programmes related to health, education and other public services, but unable to collect their revenue from these public services. Possible way out for the central government would be to allocate more revenues to the states and also permit them to collect more revenue in areas like service tax, for instance. More revenue could be internally generated within states, and the Centre can transfer more money to the states. But the central government does not do this. Along with the streamlining of several centrally sponsored schemes, this move recognized the demand of state governments to have more autonomy over their spending decisions. It constituted a substantial increase in the untied funds that the states would receive from New Delhi.

Perhaps, it is the financial dimension that affected the Centre-state relations the most in the 1980s and 90s. Keeping the political differences in view, the governments at the Centre used to ill-treat some states, while favoring the other

states. The other major institutional innovation related to federalism was the abolition of the Planning Commission in the recent past. For, the Planning commission was used and abused, as the case may be, in terms of providing funds and packages to the concerned states. In fact, the planning commission has taken away much of the autonomy of the states in respect of finance. While the Finance commission remained an ideal body of *dejure* nature, the Planning commission was operating as the *defacto* agency of the central government.

### **NITI Aayog**

Experiencing the discriminatory attitude of the Planning commission, during his tenure as Gujarat Chief minister, the Prime Minister Narendra Modi acted upon it at once in 2014. Thus, the Planning commission was replaced with a new body, NITI Aayog, as pronounced in his Independence Day speech<sup>6</sup>. The NITI Aayog, is expected to oversee a transition from a top-down, Centre-to-state policy flow towards an open cooperative partnership between the two. Yet, there are signs that in a number of fields that the Centre-state relations were becoming more and more politicized in ways that undermined the goal of cooperative federalism. This also raises questions about how far the Aayog is able to function as an impartial platform for promoting the Centre-state dialogue and policy discussion. Meanwhile, in recent times, two important developments are perceived in the Centre-state financial

relations, which have implications for State Governments. These include:

- Higher tax devolutions under the Fourteenth Finance Commission(FFC)<sup>7</sup>
- Restructuring of the Centrally Sponsored Schemes (CSS)<sup>8</sup>

Thus, there is an expectation of huge increase when compared to the previous Finance Commissions' recommendations. The main idea of the FFC is to reduce central assistance to state plans as a whole and thereby to offer greater devolution of taxes. In recommending a horizontal distribution, the FFC has used broad parameters of the population figures, income distance, forest cover, and area. Similarly, there is a growing concern among several states on the implementation of the CSSs. In the light of FFC recommendations, the NITI Aayog has constituted a sub-group of Chief Ministers on 'Rationalization of Centrally Sponsored Schemes' in March 2015, which submitted its report in October 2015. Incidentally, following the horizontal distribution criteria, the share of Telangana, for instance, is worked out to be 2.44% of total tax devolutions. The benefit of increase in tax devolution to states from 32 to 42% of the divisible pool of central tax revenue recommended by the FFC has largely avoided the state of Telangana<sup>9</sup>. The reduction in the share of the state by 0.456 percent has reduced the tax devolution<sup>10</sup> to it by Rs.2,389 crore in 2015-16. And, the increase in transfers to the state is far below the average of all states. On a per capita basis, the increase

in tax-devolution in 2015-16 is Rs.858, as compared with an all-India average of Rs.1564. Apparently, the decreased tax devolution to Telangana is mainly due to the following factors<sup>11</sup>:

- Per Capita Income occupies 50% weightage in deciding the state share
- Telangana's per capita income is considerably higher than the national average. Reduced allocation has increased the resource crunch for the state.

### **Goods and Services Tax**

As part of streamlining the economic arrangements in India, the present regime at the Centre has launched several national level economic reforms. More significant of these is the passage of the Goods and Services Tax (GST) Act recently. The configuration of indirect taxation by central and state governments and the elimination of inter-state tariff barriers are major steps towards achieving a supposed common market in the country. This step has required the Centre and states to pool their power to pursue shared objectives. Incidentally, the states cannot have veto rights on the GST Council that governs the operations of the new tax regime. And, they will have to form alliances with the central government to get requisite amendments passed. It is time to engage in a deeper debate about Centre-state relations and the operation of federalism, lest the states like Telangana would be in the receiving end. Yet, the state was ahead of many states, including the BJP-ruled, in getting the GST Bill passed on war

footing on Sunday (April 16, 2017), notwithstanding many harmful consequences of the Act which affect the state once it will be implemented from July 1, 2017.

### **Demonetization**

Of late, one observes the entry of 'Demonetization' in the political vocabulary of Centre-state relations. Notwithstanding its multiple implications in the governance domain, the process of demonetization has polarized the political parties afresh. Its introduction, if not execution, has been applauded by the Chief Ministers of both BJP and non-BJP ruled States alike. These included Chhattisgarh, Gujarat, Haryana, Rajasthan, Odisha and Telangana, though some have criticized its sudden execution and potential to hit state revenues. Many states complained that the means by which demonetisation was carried out had certainly violated the spirit of cooperative federalism. Various states have grumbled about the probable smash to their revenues caused by it. Whereas, the political effect of demonetisation has made Centre-state relations a much sensitive issue. Consequently, the Centre-state relations became a key theme around which the non-NDA opposition seems to be united. A growing number of states, especially those ruled by non-NDA parties are reluctant to play along. Some of the more vocal ones, like West Bengal and Delhi have long proved a thorn on the side of central government. In fact, their chief ministers had organized series of protest

rallies in Delhi and elsewhere. And now, it is apparent that partisan divisions between the NDA and non-NDA ruled states appear to eclipse the vision of cooperative federalism as was proposed by the Modi regime.

### **Political Relationship**

Of all the relations that constantly transformed the course of Centre-state relationship in the country was the issue of politics of the two governments. Political relations seem to have dominated the overall relationship at any point of time. Suffice it to cite the case of how the Congress-led regimes were infringing upon the powers and functions of various state governments that were run by the non-congress parties for decades since Independence. Similar examples can be given even when the non-congress parties like the Janata, Janata Dal and the BJP that ruled at the Centre and how they had reciprocated to the gestures of congress and other regimes in states. Irrespective of the institutional and ideological differences, political relations between the two governments have always been marked by the acrimonious tussle.

Viewed in this perspective, political relations between the BJP-led NDA regime at the Centre and the TRS-led Telangana state government cannot be any different. But, both the parties since positioned on the same point of political-ideological spectrum in the country, it was expected to be a normal relationship. Yet, respective electoral considerations in the state seem to have kept them apart. Thus,

both the parties exhibited political divergence at times on some local issues. Starting with the party-to-party divergence being watched, there emerged regime-to-regime differences in the state over a period of time. The TRS regime was accused of adopting an aggressive approach *abinitio*. The BJP national leadership<sup>12</sup> had appealed to the TRS regime to be more proactive so that there could be better relations between the two regimes. In other words, the political differences had certainly dominated over the other relations.

Prime Minister Narendra Modi who was once a CM himself could have done his bit to patch-up the Centre-state ties. Similarly, Modi was expected to have facilitated a platform where states could learn from each other's success. Perhaps, the Inter State Council (ISC) could be one such useful platform. Modi<sup>13</sup> observed that the ISC was the most significant platform for strengthening the Centre-state and inter-state relations in the country. Further, during the meeting, it was decided that the recommendations of the commission on Centre-State relations headed by ex-Chief Justice of India MM Punchhi (2006) would be placed before the council. On the same occasion, Home Minister Rajnath Singh also focused on the importance of cooperative federalism and supposed that the central government was committed to the ideal of Centre-state cooperation. And, 'In the past two years, our main aim has been to promote federalism, be it cooperative federalism or competitive federalism,' he said.

'Constitution of NITI Aayog after abolishing the Planning Commission was also a step forward in the same direction,' the Home Minister said, adding that with NITI Aayog coming into being the concept of 'one size fits all' followed by the Planning Commission has been done away with<sup>14</sup>.

### **Case of Telangana**

As a new state of the Indian Union, the Telangana has had a series of difficulties being faced in different arenas of development. More than anything else, the T-state since carved out of the united Andhra Pradesh, on the eve of 16<sup>th</sup> General Elections, had to emerge self-sufficient in several respects. Since the process of bifurcation of the state and its resources was incomplete, the state of Telangana was dependent upon the Union government. For, issues like the distribution of resources, employees and institutions are still kept in pendency. Besides, the ruling party (TDP) in Andhra Pradesh being an electoral/coalition ally of the NDA regime in the state and Delhi, no amount of TRS influence on the central government had impact. While taking the TDP on at home and in Delhi, the TRS regime had almost irritated the NDA regime on numerous occasions. In fact, one can trace the origins of such indifferent attitude towards the Telangana movement and its state formation thereafter. Ever since the national BJP leadership was tied up with the TDP in Andhra Pradesh, one could imagine its detrimental repercussions on the TRS in

Telangana state. More specifically, it was alleged that prejudiced by Chandra Babu Naidu of the TDP, Narendra Modi became inaccessible to the TRS regime. Conceivably, the Modi wave<sup>15</sup> that swayed the electorate in numerous states including that of Andhra Pradesh did not create any electoral impact in the 2014 elections in Telangana, as the BJP could win just one Lok Sabha seat in Secunderabad, albeit a traditional BJP seat!

In any case, when he became the Prime Minister, Modi himself was unenthusiastic to visit the new state for over two years since the inception of the Telangana state. At last, the Prime minister was there for a couple of hours only on an occasion to inaugurate a few developmental projects. And, his halfhearted attitude towards the new state and its government speaks volumes on the subject. It was also remarked that even the NDA regime and its Union Ministers hardly favored the Telangana state and its government on governance issues, leave alone developmental projects. At one stage, the state government had to file a Public Interest Litigation against the union government in the Supreme Court as there was hardly any response to its 23 letters seeking clearance of the pending projects in the state<sup>16</sup>. This sort of biased approach on the part of the union regime towards the Telangana state cannot but be dismissed as an inadvertent fault. It is reported that both the regimes had consistently maintained their political positions along reverse directions on several occasions and for a long period.

Lot of water has flown in the Krishna and Godavari rivers during the period. Due to testified cold war between the union and the Telangana state regimes, several developmental projects seemed to be kept in abeyance. But, its counterpart in Andhra Pradesh was ostensibly getting a mega-brother treatment in the allocation of projects and funds in the initial years. AP's Polavaram multi-purpose irrigation project is case in point. However, the TRS-NDA relations appeared so strained that even both the governments had to travel along parallel lines. It looked as if there was hardly any meeting point between these regimes.

Obviously, there appeared some standstill in their mutual relationship. Had such standoff continued then the Telangana state would possibly have cut an apologetic figure on domestic front leading to its disastrous implications. Reportedly, the Telangana state and its leadership was in no way receiving any favorable response from the Centre. For instance, the Praanahita-Chevella irrigation project that was conceived as a national project was not undertaken in Telangana due to the alleged non-supportive attitude of the Union government. Similarly, the issue of bifurcation of the state High Court was incomplete despite the fact that the Telangana government's pursuit was widely known in the state and outside. Interestingly, the Union response on this issue was identical with that of the AP government. Even in the case of funding of state budgets, the union government's alleged step motherly attitude towards



Telangana is quite visible. While the Andhra regime reportedly snatched a large quantum of funds towards its new projects and establishing national-level institutions, the Telangana regime has attributed it to the biased stand of the Centre.

Evidently, this kind of indifferent attitude towards the Telangana regime certainly exposed the reported partiality of the union government. Obviously, the state government had to pay heavy price in terms of pendency of several schemes and projects at the Centre. What irritated the TRS leadership more was the Centre's supposed lenient approach towards its counterpart in AP. Viewed in this perspective, the TRS regime cannot but review its political relations with that of the BJP. And thus it became more pragmatic only to emerge a camp follower of the ruling regime at the Centre. Although it is hardly convincing and digestible to the common masses in the state, the leadership seemed to have adopted it. In consequence, the party leadership, particularly the CM, KCR was on record flattering the PM and his policies day in and day out. Clear signals were given to its leaders and cadres so as to maintain a cordial relationship with the union leadership. Anticipating an earnest response from the union government, the state government and its various functionaries at home and in Delhi had sustained their soft stance towards the former. Thus, the TRS leadership and its MPs were trying to show the Centre a rosy picture about issues and concerns that smacked of its changing political landscape.

Given the uneven power relationship between the Centre and the states, the states hardly have any other option but of bargaining on political differences with the central government. Despite being faced with such a step-motherly attitude from the Centre, the state government had tried to contain its antagonism and joined the bandwagon of the ruling party. For, half of the tenure is almost exhausted getting polemical. In a fixed and time-bound governance schedule, no state government can defer its developmental activities beyond five years. Thus, the volte-face by the ruling TRS regime in the state was obvious. Of course, the local regime looked wary in projecting its neutral image for quite some time. While keeping closer relations with the Union government and its national leadership, the Telangana regime was distancing itself from the local unit of the BJP. At times, mutual criticisms were being bartered, not on national issues, but on some local issues and problems. At one level, the TRS leadership was dancing to the tunes of the Prime Minister, at the other level, an impression of its confining to government realm was apparent. In any case, this sort of dual role of the TRS regime was not to the liking of its rank and file to any extent. Although the local regime was trying to clarify the doubts of collaboration with the national leadership, critics could hardly be quietened.

Ultimately, the TRS leadership was found echoing the political line of the ruling regime at the Centre even on some

controversial issues within the parliament and outside. For instance, the notorious issue of Demonetization that had almost polarized the political parties and state governments in the recent past. Even the state units of the ruling regime were alarmed at justifying such unpopular move. But, the parties like TRS that was in opposition camp since 2014 elections was found to be positioned in the company of the Prime Minister. Of all these Demonetisation protagonists who appeared topmost were KCR and his regime that stood by the Modi regime consistently. This sort of U-turn on the part of a non-NDA state had exposed the hollow claims of TRS and its fight against the NDA leadership. But, the effect has been inconsistent as the TRS regime had employed a 'hide and seek' strategy. At times, the Telangana government that was swayed by the central regime, oblivious of any reverse setbacks, became a key protagonist of the central government. At other times, the TRS appeared to be fighting the BJP within the state politically, if not otherwise. Either way, Centre-state relations in Telangana can hardly be expected to stabilize if not improve in the days to come.

To conclude, in the ultimate analysis, union-state relations depend very partly on legal, administrative and financial arrangement, but actually on political relationship. And, they largely depend on only human behavior at different levels of governments. In other words, it is not governmental institutions per se, but those individuals who man such institutions that

could be held accountable for the abnormalities in the relations between the Centre and the states. Keeping their political interests in view the individuals may be aggravating the regime conflicts. Viewed in this perspective, any attempt to find fault with the existing institutions, rather than with those who run such institutions, seems to be an alibi. And, their inability to run the institutions effectively cannot be let off at all. Perhaps the main problem stems from the politics of the Centre-state relations as was observed from numerous examples in the past. In fact, most of the problems in the Centre-state relationship are political.

In recent times, a number of states have complained that the way in which the policy was enacted violates the spirit of cooperative federalism about which Prime Minister Narendra Modi has spoken so often. For those critical of the centralizing instincts of the Modi government, demonetization among others presents an occasion to refocus debates on Centre-state relations. Yet, many regional/state parties seem to be continuing a pattern of Centre-state negotiating rather than building the new cross-state alliances that would act as a counterweight to the central government. Telangana regime is a case in point. In fact, the new state and its leadership had played their part in sustaining the fluid Centre-state relations so far. Besides, the Telangana regime since claimed to have had some open concerns that merited early settlement lest the state would have to face developmental snags, with or without the political compromise.

### Endnotes & References

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- <sup>2</sup> Publications Division, Govt. of India, 1983. *The Constitution of India*.
- <sup>3</sup> In the late 1960s, the Committee on Centre-State Relations was set up by the Tamil Nadu Government.
- <sup>4</sup> Justice RS Sarkaria commission was appointed in 1983, and its report was submitted in 1987.
- <sup>5</sup>Govt. of India, *Report of Commission on Centre-state Relations*, Vol.I&II, 1987.
- <sup>6</sup> *Times of India*, August 16, 2014.
- <sup>7</sup>As per the Article 280 of the Constitution of India.
- <sup>8</sup>Centrally Sponsored Schemes (CSS) are floated by the Central Government falling either in the State or in Concurrent Lists of the Constitution while implemented through the State Governments.
- <sup>9</sup>The government of Telangana has suffered revenue loss on account of the reduction of its inter se share tax devolution from 2.893 percent in 2014-15 to 2.44 percent in the award period of the Fourteenth Finance Commission (2015-2020) and more so on account of reduction in plan transfers from 2015-16 onwards.
- <sup>10</sup>Tax devolution to States is budgeted at Rs.5,23,958 crore in the Central Budget for 2015-16. See *The Outlook* (English Magazine) July 25, 2016.
- <sup>11</sup>*The Hans India*. May 17, 2016.
- <sup>12</sup>P. Muralidhara Rao, National General Secretary from Telangana appealed to the Telangana government. *The Hindu*, December 4, 2014.
- <sup>13</sup>Addressing the 11th Inter State Council (ISC) meeting that was held recently after a gap of one decade.
- <sup>14</sup> NDTV *Report on NITI Aayog*, August 15, 2014.
- <sup>15</sup> Reddy KV., (2015). *Telangana Statehood: Movements and Politics*, New Delhi: Trans-knowledge Book Co.
- <sup>16</sup>Etelangana.org., September 25, 2015.