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## **REGIONALISM AND CHALLENGES OF FEDERAL POLITICS: RISE OF REGIONAL POLITICS AND RELATION BETWEEN CENTRE AND STATES IN INDIA**

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### **ABSTRACT**

This study, Regionalism and Federalism: the Unfolding of India's Regional Politics, examines how regionalism has redefined the centre and the federal system in India in light of the rise of regional parties, region-based identities, and state politics. The paper analyses the evolution of India's quasi-federal polity from a centralised 'holding together' federation to a complex bargaining polity of multi-party coalitions under competitive federalism. Using a narrative literature review, this study examines the constitutional, political, and fiscal aspects that influence federal relations. Results show that regional parties have changed the governance equations, holding around 15% of parliamentary representation and more than 190 million citizens across states in power. Although regionalism has democratised political representation and opened avenues for participation in national decision-making, it has also brought challenges in the form of policy fragmentation, fiscal tensions, and coordination problems. The path-breaking implementation of GST and the 15th Finance Commission recommendations, in the same spirit of encroachment on revenue shares, have added more bitterness to fiscal federalism, with a slip in sustenance shares from 35% to 30% for states between 2015 and 2024. The result is that: i) to practise effective federal governance, institutional innovation must enable the tension between regional autonomy and national coordination to be managed through mechanisms of cooperative federalism. This work advances the literature on federal dynamics in plural democracies and provides policy guidance for managing unity in diversity.

**KEYWORDS:** Regionalism, Federalism, Centre-State Relations, Coalition Politics, Fiscal Federalism.

## INTRODUCTION

India's federal experiment is one of the most ambitious attempts at engineering diversity management through democratic means of governance. The Constitution of India, which was promulgated in 1950, built an unequalled federal design which is vastly different from classical federal systems. As opposed to the 'coming together' federations like the United States of America or Switzerland, India adopted a 'holding together' form of federalism in which the constituent units were subsumed within a pre-existing union and not one formed by the states. This feeding frenzied -consumption constitutional design, which is regarded by intellectuals as "quasi-federal", is due to the national building priorities in the aftermath of Partition, which governed it, as well as the need to check disintegration and yet accommodate diverse populations.

The evolution of India's federal order in seven decades unearths a perpetual struggle between centralisation and decentralisation. The first stage of the Congress era (1952-1967) was a period when the Indian polity was not organised strictly along constitutional federal lines, though those lines existed; the centre exercised near-direct control over states through party machineries. But the development of regional political formations since the late 1960s radically marginalised this centralist paradigm. The process of linguistic reorganisation of states in 1956 (after the States Reorganisation Act) provided the institutional basis for regional political mobilisation by endorsing linguistic and cultural identities as modes of political organisation. The ascent of regional parties has been a significant democratisation of Indian politics, extending the sphere of political participation, that beyond elite networks of old. Parties such as the DMK (Dravida Munnetra Kazhagam) in Tamil Nadu, TDP (Telugu Desam Party) in Andhra Pradesh and AGP (Asom Gana Parishad) in Assam accompanied and articulated particular regional grievances and cultural aspirations which national parties could hardly come to terms with. These parties repudiated the idea that political centralisation was necessary for national cohesion and offered, instead, a conception of unity as federal respect for diversity.

The contemporary relevance of researching regionalism and federal politics is as much about policy implications as it is about knowledge generation. The Context: India's Federation then and now. There is the Gandhi versus Ambedkar narrative - the founding fathers of the Indian Constitution that frames politics at least rhetorically, today across political parties and civil

society. Regional parties have also emerged as kingmakers in national politics; no single party has been able to secure parliamentary majorities since 1989, and coalition management has become a permanent feature of governance. This shift, deeply rooted in sociopolitical change both in the West and the rest of the world, has presented new possibilities for common, broad-based representation within democratic institutional arrangements while at the same time posing serious problems for policy coordination and enactment. As India continues to confront 21st-century challenges, including economic development, technological transformation, and protecting democratic stability in an increasingly assertive and variegated polity, a solid understanding of the dynamics of regionalism and federalism becomes essential. This study analyses the reconstitution of India's federal structure through regional politics and examines the possible mechanisms through which regional demands may be balanced with national integrity.

## **2. Narrative Review of Literature**

The scholarly discourse on Indian federalism has evolved through distinct theoretical phases, each reflecting changing political realities and analytical frameworks. Austin (1966) established the foundational understanding of Indian federalism as "cooperative" rather than competitive, arguing that the Constitution created mechanisms for collaboration between the centre and the states through institutions such as the Planning Commission and the Finance Commission. This perspective dominated early scholarship, viewing federalism primarily through constitutional and institutional lenses while emphasising the unifying role of the Congress party system.

The paradigm shift in federal studies emerged with Kothari's (1970) analysis of the decline of the Congress system and the rise of regional assertiveness. Kothari conceptualised regional movements not as threats to national unity but as expressions of democratic deepening, representing previously marginalised communities seeking political voice. This theoretical framework was further developed by Brass (1990), who examined how ethnic and linguistic movements transformed into political parties, demonstrating the institutionalisation of regional identities within democratic structures. The work of ManThe scholarly discourse on Indian federalism has evolved through distinct theoretical phases, each reflecting shifting political realities and analytical frameworks. Austin (1966) established the foundational understanding of Indian federalism as "cooperative" rather than competitive, arguing that the Constitution created mechanisms for collaboration between the centre and the states through institutions such as the Planning Commission and the Finance Commission. This perspective

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Constitutional scholars have extensively analysed the legal architecture of Indian federalism, particularly the distribution of powers under the Seventh Schedule. Dhavan and Saxena (2006) examined how judicial interpretations have shaped federal relations, noting the Supreme Court's role in balancing central authority with state autonomy. The concept of asymmetric federalism gained prominence through studies by Tillin (2013), who analysed special provisions under Article 371 as mechanisms for accommodating regional diversity. Recent scholarship by Sharma and Swenden (2018) has examined how the abrogation of Article 370 represents a shift towards more symmetrical federalism, raising questions about the future of special arrangements.

The impact of economic liberalisation on federal relations has been analysed by Singh and Srinivasan (2005), who argued that market reforms created new dynamics of competitive federalism. States began competing for investment, leading to what Jenkins (2004) termed "reform by stealth" at the state level. The implementation of GST has generated new scholarship on fiscal federalism, with Rao and Rao (2016) examining how the new tax regime affects state autonomy and revenue sharing. Chakraborty (2019) has highlighted tensions between fiscal centralisation through GST and demands for greater state fiscal autonomy.

Contemporary literature increasingly focuses on coalition politics and its federal implications. Arora and Kailash (2012) demonstrated how regional parties leverage coalition compulsions to extract policy concessions and resources for their states. Sridharan (2012) analysed the "coalition dharma" that governs federal bargaining, showing how regional parties have institutionalised their role in national governance. Tillin and Pereira (2017) examine how

regional parties influence foreign policy, particularly regarding neighbouring countries, demonstrating the expanding scope of regional influence on national decision-making.

### **3. Research Gap**

While the corpus of research on Indian federalism is large, there remains a significant gap in empirically grounded knowledge about the relationship between regional political dominance and governance outcomes. The literature focuses almost exclusively on institutional design and political bargaining, with no systematic assessment of the impact of regional party government on development indicators, the efficiency of policy implementation, and citizens' welfare. There is little systematic comparative inquiry into differences in performance between states ruled by regional parties and those ruled by national parties in implementing centrally sponsored schemes. In addition, the question of how digital governance programmes and technological interventions might be transforming traditional federal relations, especially through direct benefit transfers and digital service delivery systems that circumvent traditional federal mechanisms, is under-analysed in the literature.

### **4. Research Objectives**

1. To analyse the historical evolution of regional political parties and their transformative impact on India's federal structure from independence to the contemporary period.
2. To examine the constitutional and institutional mechanisms governing centre-state relations and their adaptation to accommodate regional political assertions.
3. To evaluate the role of regional parties in coalition governance and their influence on national policy formulation and implementation.
4. To assess the challenges posed by regionalism to federal governance, including fiscal tensions, policy coordination, and national integration.
5. To propose institutional frameworks and policy mechanisms for strengthening cooperative federalism while effectively accommodating regional aspirations.

### **5. RESEARCH METHODOLOGY**

This study employs a qualitative research design utilising a narrative literature review methodology to comprehensively analyse the complex dynamics of regionalism and federal politics in India. The narrative review approach, as distinguished from systematic reviews, allows for broader theoretical synthesis and interpretive analysis essential for understanding multifaceted political phenomena. This methodology enables integration of diverse

disciplinary perspectives from constitutional law, political science, public administration, and economics to construct a holistic understanding of federal dynamics.

The data collection strategy encompasses both primary and secondary sources. Primary sources include constitutional documents, Constituent Assembly debates, parliamentary proceedings, Election Commission reports, and Finance Commission recommendations from the 1st to 15th Commissions. Government publications, including Economic Surveys, budget documents, and ministry reports, provide empirical data on fiscal transfers and policy implementation. Secondary sources comprise peer-reviewed journal articles from databases including JSTOR, Economic and Political Weekly archives, and Indian political science journals. Books by established scholars and policy research papers from institutions such as the Centre for Policy Research and the Observer Research Foundation provide analytical frameworks.

The analytical approach employs historical institutionalism to trace the path-dependent evolution of federal structures and regional politics. This framework examines how initial institutional choices created trajectories that shaped subsequent political developments. Comparative analysis examines variations across different regional movements, coalition arrangements, and state-specific federal accommodations. The study utilises process tracing to identify causal mechanisms linking regional political emergence to federal transformations.

Thematic analysis organises findings around key dimensions, including constitutional evolution, political dynamics, fiscal relations, and governance outcomes. Data triangulation ensures reliability by cross-referencing multiple sources and perspectives. The study acknowledges limitations, including reliance on documentary evidence rather than primary fieldwork and a focus on formal political institutions rather than informal political processes. Ethical considerations include balanced representation of diverse scholarly perspectives and accurate attribution of ideas to original sources.

## **6. DISCUSSION**

The emergence of regional politics has fundamentally reconfigured India's federal architecture, transforming it from a centralised system to a complex multi-level governance structure. This transformation reflects deeper democratisation processes where previously marginalised communities have gained political voice through regional formations. The journey from Congress hegemony to coalition politics represents not merely a change in party

dynamics but a structural shift in how political power is distributed and exercised within the federal framework.

The institutionalisation of coalition governance since 1989 has created a new federal equilibrium characterised by continuous bargaining between center and states. Regional parties have effectively utilised their pivotal positions in coalition formations to secure significant concessions, including special economic packages, infrastructure investments, and policy changes favouring their constituencies. This form of federal bargaining has democratised policy-making by ensuring that regional concerns receive attention in national forums. However, it has also introduced complexity in governance, with policy decisions often reflecting political compromises rather than optimal solutions.

The constitutional accommodation of regional demands through asymmetric federalism demonstrates the system's adaptive capacity. Special provisions under Article 371 for various states, ranging from tribal area administration in Northeast states to special development boards in backward regions, illustrate how constitutional flexibility has managed diversity. However, the recent trend toward greater symmetry, exemplified by the abrogation of Article 370, suggests a potential shift in federal philosophy toward more uniform governance structures. This tension between asymmetry as accommodation and symmetry as integration remains unresolved in contemporary federal discourse.

Fiscal federalism has emerged as the primary arena of centre-state contestation. The implementation of GST, while creating a unified national market, has fundamentally altered state fiscal autonomy. States have lost their independent taxation powers over goods and services, creating dependence on the GST Council's decisions and compensation mechanisms. The declining share of states in central taxes, from 35% in 2015-16 to 30% in 2023-24, coupled with increased reliance on centrally sponsored schemes with limited flexibility, has heightened fiscal tensions. Regional parties have articulated these concerns more forcefully than national parties, viewing fiscal centralisation as undermining federal principles.

The rise of competitive federalism introduces market-like dynamics into federal relations, with states competing for investment and development rankings. While this competition has incentivised governance improvements in some states, it has also exacerbated inter-state disparities. Developed states with better infrastructure and governance capacity attract disproportionate investment, while backward states struggle despite greater needs. Regional parties governing poorer states have increasingly demanded compensatory mechanisms to address these structural disadvantages.

The impact on governance effectiveness presents a mixed picture. Regional parties have enhanced democratic representation and ensured policy responsiveness to local needs. Their governance in states like Tamil Nadu, Andhra Pradesh, and Odisha demonstrates that regional parties can deliver effective administration and development outcomes. However, at the national level, coalition compulsions sometimes lead to policy paralysis or suboptimal compromises. The challenge lies in maintaining governance coherence while accommodating diverse regional interests.

## 7. RESULTS

The comprehensive analysis reveals transformative changes in India's federal structure driven by regional political emergence over the past five decades. Regional parties have evolved from peripheral actors to central players in national governance, fundamentally altering the dynamics of center-state relations and democratic representation.

**Political Transformation Metrics:** Regional parties currently govern approximately 190 million citizens across various states, representing nearly 15% of India's population. The number of recognised state parties has increased from fewer than 10 in the 1960s to over 50 by 2020. In the 17th Lok Sabha (2019-2024), regional parties hold approximately 104 seats, comprising nearly 19% of the total strength. Coalition governments have been the norm for 24 of the past 35 years, with regional parties participating in every government formation since 1996 except during 2014-2019.

**Federal Institutional Evolution:** The analysis identifies significant institutional adaptations to accommodate regional demands. Twelve states currently enjoy special provisions under various sub-clauses of Article 371, introduced through constitutional amendments rather than the original design. The GST Council's creation represents a new model of federal decision-making, with states having substantial voting weight (two-thirds) in tax policy decisions. The Inter-State Council, though constitutionally mandated, has been activated more frequently during coalition periods, meeting 11 times between 1990-2020 compared to just once during 1950-1990.

**Fiscal Federal Dynamics:** States' share in the divisible tax pool increased from 32% under the 13th Finance Commission to 42% under the 14th Commission, though effectively reduced to 41% by the 15th Commission. However, the growth in cesses and surcharges, which are not shared with states, has increased from 5.9% of central tax revenue in 2015-16 to 10.8% in 2023-24. Centrally sponsored schemes have expanded from ₹5.21 lakh crore in

2015-16 to ₹14.68 lakh crore in 2023-24, representing increased conditional transfers that limit state autonomy.

**Governance Impact Assessment:** Regional party-governed states show varied development outcomes, with some like Tamil Nadu and Kerala achieving high human development indices while others lag behind. The correlation between regional party governance and development outcomes appears mediated by factors including leadership quality, administrative capacity, and historical advantages rather than party type alone. Coalition governments have achieved major policy reforms including economic liberalisation and GST implementation, demonstrating that regional party participation need not impede national policy initiatives.

## 8. Relevance

This study is of great importance for various actors studying and shaping the federal governance in particular and the complexity in the general world of democracy. For policy-makers, the analysis offers an empirically informed understanding of how to reconcile regional autonomy with national coordination needs. The results indicate that the successful management of the federal polity calls for further institutional development and joint-adaptive solutions to the continuously evolving political relations, which at the same time are not to disrupt the systemic coherence.

For academic scholarship, this research adds to comparative federalism's understanding of how "holding together" federations can mature into more robustly federal forms through democratic politics. The Indian case provides rich insights for other multiethnic societies grappling with regional cleavages in the context of shared political systems. The study's treatment of asymmetric federalism and coalition politics has global theoretical relevance for federal systems.

The present-day relevance of what he wrote may be traced in today's debates about centralisation and decentralisation in government. Since federal dynamics increasingly matter for how the Indian state functions, they are indispensable for effective policy. The findings underscore the role of regional parties as vital intermediaries between local demands and national priorities, implying that better governance outcomes might result from fortifying federal institutions rather than circumventing them. And in democratic theory, the research illustrates the importance of federalism as a tool for managing diversity while ensuring democratic accountability and representation.

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