In a federal constitution, there are two sets of governments – federal and states – which are constitutionally allocated exclusive as well as shared jurisdiction. For this reason, Intergovernmental Agencies are an essential mechanism to negotiate, regulate and formulate common policies at least in the policy areas of shared jurisdictions. Besides, such agencies may also be necessary for exclusive jurisdictions for the obvious reason that in the era of cooperative federalism, the federal government often uses its generally larger revenues to initiate centrally sponsored schemes of development and social policies with the consent of state governments. Such schemes may be fully or partly funded by the Union and implemented by the States.

Intergovernmental relations in a multi-tier governmental system requires management with caution and sensitivity as they involve controversial issues of constitutional intent, fiscal relations, public policy, inter-dependence, judicial interpretations, regional imbalances, ecological sustenance, investment and trade etc. Partisan approaches for electoral gains by political parties or regional interests groups can undermine the national goals, besides distorting Centre-State relations.

In parliamentary federal systems, the responsibility for conducting Inter-Governmental relations generally falls on the
executive organs of the two levels of the governments. This can be explained by referring to three factors.

1. The legislatures at the two levels cannot interact because of their sheer aggregate size even if it were provided for in the constitution.

2. The federal second chambers in parliamentary systems cannot possibly take upon this responsibility on them because the federal government is collectively responsible to the Lok Sabha.

3. The cabinet emerges as the executive committee of the first chamber of the Parliament to act on its behalf and its position is buttressed by party discipline in that house.

The Constitution makers were aware of the need for various Inter-Governmental Forums because at that time the idea of cooperative federalism was prevalent. Thus they incorporated article 263 in the Constitution. Following this Article, a regular inter-State Council was set up in 1990. The other important inter-governmental forums in India are Planning Commission and National Development Council.

The Inter-Governmental Agencies in India are structured with an objective to resolve the disputes between union and
states without the involvement of Courts. Judicial proceedings take a long time, involve heavy costs and often leads to uncertain results at the cost of efficiency and accountability in governance. Direct action disrupts the development process and distorts good relations. There is a need to improve the functioning of existing institutions, if intergovernmental relations have to be organized in the spirit of co-operative federalism.

In India there is the fragmentation of political parties and the emergence of alliance/coalition government both at the Centre and in the States- and the coalitions are of different types. There are some which are opportunistic and naturally incoherent bringing instability in government. There are others in which some groups in the coalition do not participate in government but extend outside support in Parliament/ Legislature. There are still others who negotiate coalition pacts before or after the elections based on common agenda and mutual obligations.

Coalition governments invariably result in dissatisfaction and acrimony in varying degrees among the partners and cause delay in governmental decision-making. It foments problems in reconciling federal principles with the requirements of parliamentary system of governance, thereby create difficulties in
constitutional governance. Before 1977, the Prime Minister dominated Parliament through single party majority. But after 1990s it went to the other extreme, where regional parties assumed disproportionate clout both in the government and in Parliament. The casualty in this phenomenon has been the cabinet cohesion. The authority of the Prime Minister and the collective responsibility of the Cabinet to Parliament are also diluted in the compromises made tending to make the Government weak. It is strange that while the Constitution prescribed for a strong Centre, in practice, the Centre has become weak in certain matters of policy making as a result of coalition politics.

The question to be asked is how these developments in the polity have impacted on Centre-State relations and the quality of governance. Do coalition politics undermine the national goals and marginalize certain states as against others? When consultation and co-ordination are essential for federal governance, does the change in the polity and the economy lead to confrontation, conflict and delay in decision making? More importantly, how do the available forums of consultation respond to the new challenges in federal governance and with what results?
The Inter-Governmental Agencies like Planning Commission, National Development Council and Inter-State Council have been created for promoting existing institutional mechanisms for cooperation and conflict resolution between the Union and States, as also between States inter se. It takes note of the criticisms about the present state of affairs, and analyses which suggestions for reform appear most promising for better relations between the Centre and the States.

The working of these Inter-Governmental Agencies bears testimony to the fact that many a times the consultation turns out to be only a formal consultation within the existing institutional arrangements. These existing institutional arrangements are generally used only to the benefit of the Union Government as the views of State governments are not fully taken into consideration. Though Article 263 empowers the Union Government in the public interest to establish a council, "the Union Government has established an Inter-State Council in 1988, but it met for the first time in 1996 after a gap of eight years. Many issues concerning the relations between the Union and State Governments and between the States can be referred to the Inter-State Council for effective policy decision and implementation."
With regard to the National Development Council, it is suggested that National Development Council has to be developed as an effective instrument for Centre-State coordination on all financial and development issues. By lacking a constitutional status, meetings of the National Development Council are not held on regular basis. For instance, the Ninth Plan proposal prepared by the Planning Commission in 1997 was approved by the National Development Council only in 1999 after a delay of two years. Since 1952, till date it had met 55 times with an average of 0.9 percent per year. Frequent meetings of NDC are required to be held (at least two meetings in a year) for detailed consultations with the States.

With respect to the Planning Commission, it is observed that the Planning Commission should act as an executive wing of the National Development Council with statutory and constitutional backing. Unlike the present composition of the Planning Commission where members and experts are all nominated by the Union Government, there should be adequate representation of the States - both as members as well as experts - with at least one from each region with periodic rotation among the States in a region. The restructured Planning Commission must not act primarily as a representative of the
Union Government as it is now, but should also represent the interests of the States. Moreover, there is no provision of Planning Commission in Constitution of India. This provision needs to be made by way of amendment to the Constitution. Moving towards a transformed role, the Planning Commission should concerned itself with the building of a long-term strategic vision of the future and decide on priorities of the Nation. Its main role should involve working out sectoral targets and providing promotional stimuli to the economy to move and grow in the desired direction. In the new milieu of economic restructuring, the Planning Commission should concentrate on strategies of employment generation, anti-poverty programmes, social development and ensuring balance within the infrastructure. The Planning Commission should also focus on the maximum possible utilization of resources, rather than aiming at increase in the allocations. Until now, the size of the plan was of great concern. Now, the focus will have to be on the efficiency of the utilizations of the allocations being made.

It is further stated that the decisions of the inter-State Council therefore have to be made binding on the Union Government through appropriate constitutional amendment. The schedule of the Council has to be made mandatory and all States
should be adequately represented. This body needs to be substantially strengthened and activated as the key player in inter-governmental relations. It must meet at least thrice a year on an agenda evolved after proper consultation with States. There must be a method to co-ordinate the functioning of the Inter-State Council with that of the National Development Council. This co-ordination will have two desirable effects.

First, it would avoid unnecessary bifurcation of the apex inter-governmental body with the same membership in the National Development Council and the Inter-State Council. The division of work between the two in terms of economic and political policy-making is apparently made on the reasoning that it would prevent politicization of the planning process. In any case, politics cannot really be separated from economic decision-making. In fact, a certain degree of political contestation is necessary to inject a dose of democratic bargaining to remove the distortions of an imposed consensus that may really conceal an unjust political order.

Secondly, this artificial separation also results in narrow construction of policy areas not only along economic and political issues but also in the proliferation of a very large number of national councils for a variety of policy areas that lack
integrated high power status to lend weight to their recommendations. These national councils may still be continued as bodies of technocrats whose recommendations must be considered by a top-level inter-governmental agency representing the executive heads of the two orders of government.

It is also required that the Inter-State Council must be empowered to follow up the implementation of its decisions for which appropriate statutory provisions should be made. The Government should evolve an appropriate scheme to utilize the full potential of Inter-State Council in harmonizing Centre-State relations which has become urgent in the changed circumstances. Issues of governance must as far as possible be sorted through the political and administrative processes rather than pushed to long-drawn adjudication in Court. Inter-State Council appears to be most viable, promising constitutional mechanism to be developed for the purpose provided it is properly restructured and duly empowered. Once the Inter-State Council is made a vibrant, negotiating forum for policy development and conflict resolution, the Government may consider the functions of the National Development Council also be transferred to the Inter-State Council
The institutional bodies through which the issues related to Centre-State relations are supposed to be discussed and resolved are the Inter-State Council, the National Development Council, the Planning Commission and the Finance Commission.

However, the past record shows that neither have these bodies given effective representation to the State's views in terms of both composition and Terms of Reference/Agenda, nor have their decisions succeeded in providing a fair deal to the States. In fact, these bodies have functioned almost as an extension of the Union Government or its agencies, with an implied bias in favour of concentrating power at the Centre.

They are often created through an executive or administrative order of the Union Government and therefore perceive themselves as Union Government appointees and representatives. This needs to be changed and the institutional arrangements developed into representative and functional bodies with appropriate statutory backing.

Similarly the working of Inter-State Council is not satisfactory. The functioning of the Inter-State Council, which had gathered some momentum in the earlier years, has once again lost steam. Despite the Council arriving at several decisions regarding implementation of the Sarkaria
Commission’s recommendations, the Union Government has not implemented them. The decisions of the Inter-State Council therefore have to be made binding on the Union Government, through appropriate Constitutional amendment. All major non-financial issues involving Centre-State relations have to be discussed and decided by the inter-State Council. The schedule of meetings of the Council as well as the Standing Committee of the Council has to be made mandatory. The Secretariat of the Inter-State Council should have better representation from the States.

In the changing future context, the importance of Inter-Governmental institutions in India has gradually been increasing and this process is likely to not only continue but accelerate in the years to come. They proved to be necessary and integral part of the Indian federal structure. These agencies play an indispensable role in tune with the spirit of co-operative federalism requiring proper understanding and mutual confidence and resolution of problems of common interest expeditiously. Their utility is, thus, established beyond doubt.