CHAPTER-I
INTRODUCTION

India represents a plural society in which a variety of ethnic, linguistic and religious groups coexist in terms of varying co-operation and competition. Consequently, the founding fathers of the Indian Constitution, taking the Government of India Act, 1935 as the base, carved out a constitution which is federal with two levels of government, the Centre and the state operating on the people. The true nature of federalism in the constitution has been a matter of debate among scholars. On the other hand, it is suggested that there is no absolute federal principle in any of the world’s federal constitutions. A cursory examination of the federal constitution of the world would reveal how much they differ in numerous features and how difficult it is to find in them, a common thread which can be characterized as the basic feature on federalism. As has been appropriately said, “If there is such a thing as a strict, pure and unqualified federal principle, then the hard fact is that there are no federations and no federal constitutions”. The founders in fashioning the constitution had not observed with any abstract federal design or dogma, but the founders gave to the country an instrument which is workable and meets the diverse needs of the country with different cultures. Undoubtedly, there is a conscious tilt in favour of the centre. The main purpose was to create a strong central government which would unify the country into a homogenous nation out of the various religious and linguistic groups.

During the first phase of the federal system (1950-67), the issue of centre-state relations was relatively dormant as the Indian National Congress dominated both levels of government. In the first general elections held in
1952, it won absolute majority in 18 out of 22 state assemblies and even in the remaining states of Madras, Travancore, Cochin, Orissa and PEPSU, it formed the largest single party. In the second general elections in 1957, the congress secured a comfortable majority in Parliament in all three elections. With this dominant position, the party could enthusiastically support and propagate the 'strong-centre' concept reflected in the scheme of distribution of powers in the constitution. Further, the three wars, first with Pakistan, then with China and again with Pakistan created a favourable response to the idea of a strong centre and to the sagacity and foresightedness of the framers of the constitution in providing a distinct pro-centre bias in centre-state relations. There were occasionally conflicts between certain states and centre but these were resolved within the congress party organization itself. Overlapping of party and government at different levels tended to convert these occasional inter-governmental conflicts into 'family disputes'. Naturally, the need for resorting to constitutional processes and remedies for resolving centre-state disputes was seldom felt.

The congress party high command played a decisive role in the selection of party candidates for elections to Parliament and the state legislatures. It also had a commanding voice in selection of chief ministers and in the formation of state ministries.

The 1967 general elections were a landmark in the evolution of Indian federalism since for the first time, the dominance of the congress party met with a stiff challenge. The congress majority in the Lok Sabha was greatly reduced and in 8 out of 16 states which went to the polls, it failed to secure an absolute majority.
Thus began what may be called a period of co-existence (1967-71) and the states became vociferous in their demand for more ‘autonomy’. During this phase the organizational machinery of the congress could no longer be used for resolving centre-state differences. For the first time, the provisions of the constitution were put to severe test, and centre-state relations assumed the proportion of a burning issue. A new dimension was also added to the role of Governors, particularly of states where the congress was not in power. This was the stage of evolution in which the federal character was being re-asserted as against the unitary bias with which it began.

The Congress split in 1969 reduced it to a minority in the Lok Sabha and Smt. Indira Gandhi had to rely on the support of at least 35 MPs from parties like C.P.I., C.P.M., D.M.K. and Akali Dal.

During this temporary phase, the bargaining power of the states improved and there was a visible shift towards co-operative federalism. On the eve of the 1971 Lok Sabha elections, centre-state relationship had become an important issue, and political parties like C.P.I(M), D.M.K. and Akali Dal started demanding drastic changes in the constitutional provisions with regard to distribution of powers between the centre and the states.

The landslide victory of the congress (I) in 1971 led to a change in attitude and reversal of the trend towards co-operative federalism. Smt. Indira Gandhi was of the view that state governments should be “in tune with the government at the centre, accept its policies and be willing to implement its programme.” This phase (1971-1977) witnessed a swing towards centralism. Indira Gandhi held complete say over the party organisation. She could ask chief ministers of the Congress-I ruled states to step down at any time and the new state leaders were her nominees. The tenure of chief ministers in these
states depended more on the confidence of the Congress High Command had in them than on the support they enjoyed in their own legislative bodies. This considerably eroded the prestige and position of the congress chief ministers who did not have the courage to speak for the states even if they felt that on certain issues, in the interests of their states, the centre's views should be opposed.

The 1977 March elections marked the end of single party domination in our federal polity. The newly formed Janata party swept to power at the centre and in several states regional parties came to power.

In the mid term poll in 1980, Indira Gandhi swept back to power with a massive majority. She paid the Janata party back in the same coin by dissolving 9 state assemblies. In the by-elections to the state assemblies, however, the Karnataka came under a Janata government.

In 1983, in the assembly elections of Karnataka, held in the month of January, it marked the end of congress party rule in Karnataka. Ramakrishna Hegde, started a new era by forming the first non-congress i.e., Janata party government for the first time in Karnataka state.

How the congress dominated centre reacted to these developments? Though ousted from about half the states and returned to Lok Sabha with a reduced majority, it is still in full command at the centre and the future development of Parliamentary democracy in the country will depend mostly on the spirit in which it decided to act.

Our leaders whether in the political party in power or in dissent must realize that the future of our nation lies in their ability to resist the divisive forces of the institution of democracy to which nation is wedded. To enable a
healthy growth of centre-state relations, both fiscal measures and political-cum-constitutional remedies will have to be devised. This is where the Sarkaria Commission must instill a breath of fresh air.

**STATEMENT OF THE PROBLEM:**

Union-State relations has always been a sensitive subject in federations. In some of its aspects it is the oldest problem, in some it is the recent one. It was and will remain in future also one of the most important problems facing federal politics.

In 1967 when the congress was replaced by alternative government in certain states, the question of centre-state relations came to the fore and acquired a new edge as the governments at the centre and in the states were not of the same political persuasion. In this respect the fourth general elections were a landmark in Indian political development.

During the Janata government, the centre-state relations remained unchanged as the Janata government, like its predecessor congress government, was in favour of a strong centre.

It was only after 1980 when the non-congress(I) parties in most of the states like Karnataka and Andhra Pradesh, etc., captured power that there was much talk of redefining the centre-state relations to make the constitution truly federal.

In the assembly elections of Karnataka, held in the month of January 1983 the congress (I) was thoroughly rejected by the politically mature voters of Karnataka. The voters have demonstrated a better capacity to judge the fitness of parties and leaders for specific roles.
The Karnataka voter did not have any doubt as to who should rule at the centre and who should rule in Karnataka. An astute leader Ramakrishna Hegde converted the March 1985 elections virtually into a referendum as to who should rule in Karnataka. Ramakrishna Hegde started a new era by forming the first non-congress i.e. Janata Party government for the first time, in Karnataka state.

The problem under investigation is, “The Centre-State Relations in India: A Case Study of Karnataka Since 1980”. An attempt is made in this work to study the relations of Karnataka, i.e, Legislative, Administrative and Financial with the centre from 1980 onwards, which marked the beginning of non-congress party rule in the Karnataka state. The period chosen for this research work is from 1980 onwards. It is because of the fact that Karnataka was the bastion of the congress party uptill early 1980’s. Surprisingly, there was a change in the party ruling in Karnataka. For the first time in the history of Karnataka state a non-congress party i.e. Janata party came to power. Therefore, the research topic chosen for study is interested in making analysis of centre-state relations, when two different i.e., hostile parties are ruling at the centre and in the state of Karnataka.

The Congress party due to its continuous dominance was able to destroy constitutional proprieties and the significance of most of the institutions setup under the constitution. While speaking at New Delhi in October 1985, Ramakrishna Hegde said that over the years the federal character of the constitution had been given a go by because of one party rule for a long time at the centre and in the states.¹

Dr. Farooq Abdullah expressed the view: “It does not matter if we belong to the Congress (I) or non-Congress (I). The harsh fact is that the centre
does not appreciate or even understand the hopes and aspirations of the states. This is the basic cause of difficulties between the centre and the states.2

Thus, an attempt is being made in this work to present the centre’s relations with Karnataka state, the attitude shown by the centre toward Karnataka, when the same or different political parties ruling at the centre as well as in the Karnataka state. In fact, the centre’s relations with state governments cannot be easily adjusted as the differences in their perceptions, positions and the interests are fundamental which makes the compromises on several issues difficult.

REVIEW OF RELEVANT LITERATURE:

We shall only examine briefly the major works in the field in order to make clear how the present study relates to the previous work or in what distinctive manner it contributes to that literature. The following few works on the subject have been referred.

"Federal Government"3 by K.C. Wheare is a classic as far as federalism is concerned. It is a comprehensive treatise and a basic book for a beginner to understand the meaning of federal government, features of federalism and also to know how federal government should be organized? It is a valuable contribution to our study.

"Federalism in India, Origins and Development"4 edited by Nirmal Mukherji and Balveer Arora, examines the dynamics of federalism. Especially chapter Four of this book concentrates on the origin of the federal design in India as it was worked out by the founding fathers of the constitution. The initial discussion on federal theory serves the purpose of testing the design by the standard of theory, whereas the fifth chapter throws light on historical development and essential features of the federal system.
“Federal System, State Autonomy and Centre-State Relations in India,” highlights various aspects related to federalism and centre-state relations under the Indian Constitution. Hence it is very useful work to our study.

“Indian Government and Politics” by S.S. Awasthy, is a very important book to know about the meaning of federalism, key concept of federalism, features of federalism, pre-requisites of federalism, nature of Indian federalism, issues of state autonomy are relevant to our study.

“Federalism and Centre-State Relations in India” by O.P. Tiwari, is an important work dealing with the federal structure of India and centre-state relations and other related aspects. Chapter Fourteen, which deals with various reports and recommendations especially, Rajamannar Committee Report, Administrative Reforms Commission Report and Sarkaria Commission Report are essential and relevant to our study.

“Inter-Governmental Relations in India, A Study of Indian Federalism”, by Amal Ray. This book throws light on the concept of federalism, Forces that shaped Indian federalism and also deals with the centre-state relations in India, Legislative, Administrative and Financial relations between the Centre and the States. It has helped the study a lot.

“Centre-State Relations in India (A Study of Sub-national Aspirations)” by Hari Hara Das and Sanjukta Mohapatra, covers the whole concepts attached to centre-state relations. As a necessary precedence for this a conceptual analysis of federalism has been made in the first chapter. Whereas, the second chapter traces the evolution of federal polity in India, the subsequent three chapters presents a somewhat detailed analysis of the Legislative, Administrative and Financial relations between the centre and the states.
respectively. It also deals with other concepts like autonomy for states and an analysis of various sub-national forces existing within the federation. It has helped this research work in all respects.

"Summary of Recommendations of the Sarkaria Commission on Union and State Relations"\textsuperscript{10} edited by H.V.R. Athre, this book is in the concise form of summary as the title indicates. It contains twenty one chapters dealing with the recommendations of the Sarkaria Commission, union and state relations. It contains all the available material on a sensitive and controversial subjects like centre-state relations. Major issues, Legislative, Administrative and Financial relations, Role of the Governor, Inter-State river water disputes etc., with reference to the Sarkaria Commission report. Hence, it is relevant to our study.

"Tension Areas in India's Federal System"\textsuperscript{11} by Amal Ray, is a very good book on the changes in inter party power relations in India after the 1967 general elections. The combination of inter-party as well as intra-party power changes brought centre-state confrontation into sharp focus. This work concentrates primarily on the processes and problems of Indian federalism, is very useful to this study.

"Political Disputes and Controversies, Conflict Resolution in India"\textsuperscript{12} by Mekhala Kulapati, throws light on various political disputes and controversies in India, as diversity in its most complex manifestations is the true character. Among the significant subjects profiled in the book, the more political one concern river water sharing in the Cauvery Dispute between Karnataka and Tamil Nadu. It has helped me a lot for my research work.

"Burning Issues in Centre-State Financial Relations"\textsuperscript{13} by G. Thimmaiah, this book analyses five burning issues relating to the centre-state
financial relations. They are: Inter-state inequality in the allocation of financial resources by the central government and its agencies, the operation of central loans to the state governments which has created a sort of financial imperialism of the central government, inadequacy of the criteria adopted for distributing the market borrowings; The problem of state government’s un-authorised overdrafts; and finally the weaknesses of the Gadgil formula which is used for distributing the plan grants. After subjecting these burning issues to critical analysis, some alternative solutions to resolve these burning problems are suggested in this book.

"Centre-State Fiscal Relations Under Indian Constitution" by R.K. Gupta, gives a detailed/ comprehensive enquiry of financial relations between centre and states. As this book highlights that the essence of federalism lies in proper division of power between the various levels of the government. Of these, however finances are the backbone of politico economic strength and hence an essential prerequisite of the government. Therefore for analyzing the financial relations this book is most relevant for my research work.

"The High Priest of Value based Politics, India’s most Admired and most Hounded Chief Minister Ramakrishna Hegde, A Chronicle of his Breezy Innings" by C.M. Ramachandra. This breezy chronicle is a first hand record of the political achievements and exploits of Ramakrishna Hegde during his decade as Chief Minister of Karnataka. It throws lights on the formation of a non-Congress government by Ramakrishna Hegde in Karnataka, his starting troubles, his views on union-state relations, Role of Governor, Moily Tapes Episode, Politics of Liquor, Hegde’s resignation and brief note on post resignation career of Hegde. No doubt it’s a very useful book for the research work on first (non-congress) Janata party rule in Karnataka.
"Governor in the Indian Constitution"\textsuperscript{16} by V.K. Varadachari. This book makes a clear and a comprehensive analysis of the Governor’s role. The functions and duties of the Governor are analysed from the standpoint of constitutional law and practice. His important role in relation to civil service is stressed for the first time. The need for abrogation of Article 356 has been advocated in this book. Hence, it is relevant for my research work.

"Politics of President’s rule in India"\textsuperscript{17} by J.R. Siwach. This volume of the project deals with the President’s rule on account of the failure of constitutional machinery in the states under Article 356 of the constitution. It also warns that the frequent imposition of president’s rule is a particularly disturbing sign and a matter of concern, for our political system in general and for its federal aspect in particular which every Indian should carefully note because it points to a particular trend in our political behaviour. So this is a best supportive book for our research.

The unpublished thesis entitled “The Party System and the Federal Process in India Since 1968”\textsuperscript{18} by Dr. M.G. Khan, gives a detailed enquiry of Indian federalism. It deals with the nature of Indian Federalism, working of Indian federal system. It also discusses about political parties and issues like regionalism in India and its effects and the Indian federal process. Hence, it is relevant for the research work.

All these works were of use for the research work undertaken especially in matters relating to the concept of federalism, Theories of federalism and centre-state, legislative, administrative and financial relations and imposition of president’s rule in general as well as in Karnataka and the role of the Governor of Karnataka.
OBJECTIVES OF THE STUDY:

1. To study the theoretical and practical perspectives of Indian federal system.

2. To examine the constitutional provisions in determining the centre-state relations. Also to verify the manner in which these constitutional provisions have been working.

3. To analyse the tension areas and issues viz., Legislative, Administrative and Financial relations of Karnataka state with the centre.

4. To critically examine the Role of the Governor of Karnataka.

HYPOTHESES:

In order to explore the potential for research, the following Hypotheses have been formulated:

1. Party politics has strained Centre-State relations.

2. Centre’s say over financial matters has had an adverse impact on centre state relations.

METHODOLOGY:

In order to find out the truth involved in a problem certain steps have to be taken in a certain order and the ordered steps are called a method. If a research follows a wrong method, the truth cannot be found out. So unless right methodology is followed, truth cannot be arranged in correct order. Hence, in order to discover the exact truth, the following methodology has been employed in this study:
1. Documentary Method:

Documentary sources where the expressed thought embodied is systematically analysed and useful issues are taken into consideration. The documentary sources include the primary sources and secondary sources. Accordingly, the data collected from primary sources are the Constituent Assembly Debates, reports of various Commissions, Committees and so on.

On the other hand, secondary sources of information are books, published research papers in various Journals, Articles published in Magazines, News Papers etc., are also used in this research work.

2. Historical Method:

Past knowledge is considered to be pre-requisite for present knowledge. This is the main argument for the adoption of historical method in present day social research. This method was used to trace the origin of some of the institutions such as, Federalism, Parliamentary Democracy etc. Without the knowledge of the past institutions, it is difficult to understand the true nature at present. The main objective of this method is to apply mind in the matter of various social problems by discovering the past trend regarding facts, events and attitudes and by demarcating the lines of development of thought and action.

3. Descriptive Method:

This method is used for collection of data, since mere collection of data does not constitute research, unless the data are properly interpreted to find the casual connections and relations. Thus, this method is employed for the interpretation of the data.
4. Comparative Method :

In this method the outcome of the issue and its practical relevance to the existing political environment is weighed and subsequent issues are raised. With the help of this method it is possible for the researcher to come to some important conclusion.

5. Empirical Method :

Empirical methodology describes, analyses and explains what researchers actually do. As a part of the research, I had good discussion (Interviews) with few dignitaries. I met the honourable Governor of Karnataka T.N. Chaturvedi on 5\textsuperscript{th} October 2004. Also I did the interviews of the former Chief Ministers of Karnataka, Veerappa Moily on 26\textsuperscript{th} July 2004 and S. Bangarappa on 29\textsuperscript{th} July 2004 and with former Prime Minister H.D. Deve Gowda on 30\textsuperscript{th} July 2004 respectively. On 20\textsuperscript{th} September 2004 I had an interaction with the great economist Late Dr. D. M. Nanjundappa on the financial relations between the centre and the state of Karnataka. These interviews were quite interesting and satisfactory.

The bibliography given at the end of the thesis is quite exhaustive and gives the full idea of the sources consulted. There is a list of abbreviations of some of the terms used in this thesis.

This thesis does not involve any problem of computerization or language. Since the main language of the documents was in english. I did not face the problem of translation. A sincere attempt is made in this work to correlate and to establish vivid observations and views of scholars and writers who are greatly involved in the particular aspect.
CONSPECTUS:

The thesis is systematically divided into Eight Chapters.

First chapter deals with introductory part. It starts with the statement of the problem, review of the relevant literature, objectives of the study, Hypotheses and Methodology.

Chapter second deals with conceptual analysis of federalism and its theoretical perspective.

Third chapter traces the evolution of federal polity in India. It also deals with the theory and practice of federal system in India.

Chapter four presents a somewhat detailed analysis of the legislative relations between the centre and the state of Karnataka.

Chapter five deals with the administrative relations between the centre and the state of Karnataka. The important areas like imposition of president’s rule in Karnataka, Cauvery and Krishna water disputes, Border dispute and the role of Inter-State council have been analysed in this chapter.

Chapter six deals with the financial relations between the centre and the state of Karnataka. The reports of the various finance commissions and grants are comparatively analysed with respect to other states in India in comparison to Karnataka.

Chapter seven deals with the Role of Governor of the state of Karnataka. The role of the Governors of Karnataka who were in power especially during the imposition of president’s rule has been critically analysed in this chapter.

Chapter eight presents the conclusions, findings of the study. A few suggestions have also been made.
NOTES AND REFERENCES


