

- **Non-tax avenues-** The Union government issued a clarification that funding to the Chief Minister's Disaster Relief Funds will not be considered as CSR expenditure, unlike the case with PM-CARES.
- It suspended and transferred the Member of Parliament Local Area Development (MPLAD) funds to the Consolidated Fund of India.
- **FRBM borrowing limit-** Most States demanded for increasing borrowing limits under the Fiscal Responsibility and Budget Management Act (FRBM), from 3% to 5%.
- The Union government decided to increase FRBM borrowing limits, linking it to the performance of States in fulfilling certain conditions
 - Implementation of the One Nation, One Ration policy,
 - Ease of doing business reforms,
 - Urban local body/utility reforms
 - Power sector reforms making it difficult for the States.

What are the solutions?

- **Sarkaria Commission Report** - There should be a "coordination of policy and action in all areas of concurrent or overlapping jurisdiction through a process of mutual consultation and cooperation is, therefore, a prerequisite of smooth and harmonious working of the dual system".
- Union government, while exercising powers under the Concurrent List, limit itself to the purpose of ensuring uniformity in basic issues of national policy and not more.
- **Venkatachaliah Commission** - Individual and collective consultation with the States should be undertaken through the Inter-State Council established under Article 263 of the Constitution.
- **S.R. Bommai vs Union of India** - States are not mere appendages of the Union. The essence of cooperative federalism lies in consultation and dialogue.
- As recommended by the **National Commission to Review the Working of the Constitution**, a formal institutional framework has to be created to facilitate consultation between the Union and the States in the areas of legislation under the Concurrent List.
- Instead of reaching out to each other only during crisis situations, Chief Ministers should try to create forums for regular engagement on this issue.
- Since federal flexibility is a crucial factor in shaping the future of our democracy, the Union government needs to invest resources towards effective consultation with States as a part of the lawmaking process.
- The Union needs to establish a system where citizens and States are treated as partners and not subjects

3.2 The Tussle between Governor and Chief Minister

What is the issue?

West Bengal Chief Minister Mamata Banerjee's outburst against Governor Jagdeep Dhankhar has again brought to the fore, the role of the Governor in relation with the elected government and legislature.

How is the Governor related to the States?

- The governor acts as the nominal head whereas the real power lies with the Chief Minister of the state.
- While the President of India is "elected", the governor is "selected" by the incumbent central government.
- Governor is the constitutional head of the state as well as the vital link between the Union and State government.

What are the discretionary powers of the Governor?

- **Article 163-** There shall be a Council of Ministers with the Chief Minister at the head to aid and advise the Governor in the exercise of his functions, except the discretion granted by the Constitution.
- If any question arises whether a matter is within the Governor's discretion or not, the Governor's decision shall be final.
- The **discretionary power of the Governor is wider than that of the President** as he enjoys both the constitutional as well as situational discretionary power unlike the President who enjoys only situational discretion.