

**RECORD COPY**  
**THIRTEENTH ANNUAL**  
**CONFERENCE OF MEMBERS**  
**OF THE IIPA**

(October 26, 1969)

**UNION STATE RELATIONS**  
**WITH SPECIAL REFERENCE TO**  
**DEVELOPMENT PLANNING IN STATES**



**THE INDIAN INSTITUTE OF PUBLIC ADMINISTRATION**

Indraprastha Estate

New Delhi-1

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### INTRODUCTION

The Thirteenth Annual Conference of the Members of the Institute was held on October 26, 1969. The main subject of discussion at the Conference was "Union State Relations with Special Reference to Development Planning in States". The discussions are summarised in the following pages. The Working Paper for the Conference was contributed by the Research Unit on Planning of the Institute.

I am thankful to the members of the Institute who participated in and contributed papers on different aspects of the main subject. I am very grateful to Shri H.M. Patel, M.L.A. (Gujarat) who presided over the Conference and to Prof. H.K. Paranjape, Head, Planning Unit and Shri P.J. Vernekar, for the preparation of the Working Paper, and summarising the discussions of the Conference.

J. N. KHOSLA

*Director*

*Indian Institute of Public Administration*

September 1970  
New Delhi

I. I. P. A.

13th ANNUAL CONFERENCE  
OF THE MEMBERS OF THE I I P A

Conference Chairman

Shri H. M. Patel	M. L. A. (Gujarat) and Chairman, Charutar Vidyamandal, Vallabh Vidyanagar.
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Participants

Shri Mohinder Bahl	New Delhi.
Shri V. M. Bhide	Joint Secretary to Govern- ment of India, Planning Commission, New Delhi.
Dr. K. H. Cheluva Raju	Reader, Department of Post-Graduate Studies and Research in Political Science, University of Mysore. (Mysore)
Dr. J.N. Khosla	Director, IIPA, New Delhi.
Prof. B.L. Maheshwari	Member of the Faculty, Administrative Staff College of India, Hyderabad. (A.P.)
Prof. M.V. Mathur	Director, Asian Institute of Educational Planning and Administration, New Delhi.

- Prof. H.K. Paranjape Professor of Economic Policy and Administration, IIPA, New Delhi.
- Dr. R.C. Prasad Department of Political Science, Magadh University, Gaya (Bihar).
- Dr. B.D. Raheja Lecturer, Centre for Municipal Administration, IIPA, New Delhi.
- Prof. C.R. Rathce Principal, Government College, Haryana.
- Shri M.V.S. Prasada Rau, I.A.S. Under Secretary to the Government of India, Ministry of Petroleum and Chemicals and Metals, Departments of Petroleum and Chemicals, New Delhi.
- Shri R.L.P. Sharma Lecturer, Department of Political Science, Gaya. (Bihar)
- Shri J.K.P. Sinha Assitant Director, Institute of Public Administration, Patna University, Patna. (Bihar).
- Dr. V.P. Varma Director, Institute of Public Administration, Patna University, Patna. (Bihar)
- Shri Virendra Prakash Secretary, Industries and Labour, Delhi Administration, Delhi.

## NAMES OF PERSONS WHO CONTRIBUTED PAPERS

### *Working Paper*

- Prof. H.K. Paranjape Professor of Economic Policy and Administration and Head, Planning Unit, IIPA, New Delhi-1.

### *Background Papers*

- Dr. K.H. Cheluva Raju Reader, Department of Post-graduate Studies and Research in Political Science, University of Mysore. Mysore 6.
- Prof. B.L. Maheshwari Member of the Faculty, Administrative Staff College of India, Hyderabad. (A.P.)
- Shri V.S. Murti Reader in Public Administration, Nagpur University, Nagpur (Maharashtra).
- Shri M.V.S. Prasada Rau, I.A.S. Under Secretary to the Government of India, Ministry of Petroleum and Chemicals and Metals, Departments of Petroleum and Chemicals, New Delhi.

- Mrs. Indu Prabha Sharma Lecturer, M.G.N. College of Education, Jullundur City (Punjab).
- Dr. Sudesh Kumar Sharma Lecturer, Department of Public Administration Panjab University, Chandigarh.
- Shri J.K.P. Sinha Assistant Director, Institute of Public Administration, Patna University, Patna. (Bihar)
- Shri P. Sitapati Deputy Secretary to Government, Planning and Panchayati Raj Department Government of Andhra Pradesh Hyderabad. (A.P.)

PROCEEDINGS OF THE THIRTEENTH  
ANNUAL CONFERENCE OF THE  
MEMBERS OF THE IIPA

(October 26, 1969)

UNION-STATE RELATIONS WITH SPECIAL REFERENCE  
TO DEVELOPMENT PLANNING IN STATES

Dr. J.N. Khosla, while welcoming the participants, said that the subject of the Conference was very important both from the practical as well as academic point of view, specially because of the recent controversies in regard to Centre-State relations in the country. He said that the problem in itself was not new and most other federal countries have faced similar problems.

Dr. Khosla then requested Shri H.M. Patel to take the Chair. He said that the Conference was indeed fortunate in having a person like Shri Patel as Chairman, who always had something substantial to contribute to the discussion of this nature.

Shri H.M. Patel in his introductory remarks said that he did not wish to take much time at the beginning. He said that the subject of Centre-State relations was one of extreme importance; at the same time the ramifications of the subject were so wide that the Institute had taken a very wise step in restricting the scope to one aspect of the relations, viz., those relating to development planning. He expressed the hope that the speakers would respect this delineation of the subject as it would help preventing the deliberations from straying into aspects that were not of immediate relevance to the topic of discussion. Referring to the Working Paper prepared by the Planning Unit of the Institute, Shri Patel said that this was a very useful document and would help in focussing the attention squarely on the developmental aspect of Centre-State relations.

Shri Patel said that a subject like this was indeed of crucial importance ; and yet many times we did not devote sufficient attention to such subjects with the amount of care and thoroughness that they deserved. While the attendance at the Annual Body meeting was fairly large, and this was in the fitness of things as it was the only occasion on which we had the opportunity to listen to the President of the Institute, the attendance at the Conference was very poor. When the idea of the annual Conferences was first mooted, the intention was that a large number of members, particularly those from the States, universities, and other academic and research institutions, would participate in good numbers and contribute something really worthwhile on a subject of topical interest and significance. In reality, however, the attendance at the conferences all these years had been very small, rarely touching the figure of 50 or so.

Shri Patel then requested Professor H.K. Paranjape to introduce the subject and supplement, if he so wished, what he had already stated in the Working Paper.

Professor H. K. Paranjape briefly explained the contents of the Working Paper. He said that attached to the Working Paper were three annexures ; one setting out the relevant extracts from the various A.R.C.'s documents, the other giving pertinent statistical data and the third, a short list of some useful readings. The idea in giving all this information was to make available to the members as complete information on the subject as possible so as not only to facilitate useful discussion but also to confine the discussion strictly within the compass of the subject under consideration.

Prof. Paranjape said that while certain problems arose in this field even before 1967, these were largely solved through Centre-State discussions and through a political compromise suggested by the Central leadership. It was only after the General Elections of 1967 that the implications of operating a Concurrent subject like social and economic planning in a federal parliamentary democracy began to become clear. Many issues that appeared to have been settled were actually found to be not really settled. Quite a few issues that had remained unsettled, undecided and sometimes even unthought of started coming

to the forefront. To have a discussion on all these at random would not be possible in the short time available for discussion. It was, therefore, proposed that a few among these issues could be selected for closer attention. The first among these was : how could we ensure effective planning by the States, which would be appropriate from the point of view of the distinctive potentialities as well as the requirements of individual States, and at the same time be in tune with the national priorities. One of the conclusions of the A.R.C., which had found support from a number of students of the subject as well, had been that part of the explanation for the ineffective planning at the State level and therefore of the various conflicts that were increasingly becoming acute between the Union and the States was the inadequacy of planning machinery in almost all the States. The normal departmental machinery was presumed to be adequate. This unfounded presumption had stood in the way of meaningful plans being prepared at the State level. The defectiveness of the existing machinery was best indicated by contrasting the example of one area in State planning where results had been quite satisfactory. In the field of irrigation and power, where a number of States had developed technical competence and organisations of a fairly reasonable order, planning had been more satisfactory. The water resources surveys undertaken by the States had facilitated the emergence of a long-term picture within which medium term and short planning could be undertaken with some clarity. Unless therefore, adequate planning organisations for other sectors as well as for State planning as a whole were developed in the States, the quality of planning and the dialogue between the Central planners and the State planners were not likely to improve. One of the major reasons which had stood in the way of States going in for the kind of planning bodies recommended by the A.R.C. had been the misapprehension of the State Cabinets that such bodies might become an alternative focus of power. This belief, though wrongly held, was strengthened by what happened in a State when the Chief Minister after relinquishing his office became the Chairman of the State Planning Board and attempted virtually to remain in power through this device. The political complexion of the

Planning Commission; till it was reconstituted in September, 1967, which resulted in its being accused of becoming a parallel Cabinet, also lent support to this misconception of the proper role of an expert advisory planning organisation. Yet another reason due to which the idea of an expert planning organisation was not acceptable to the States was the fear that it would reduce the unfettered discretion of the State Ministers and also the power of patronage. Professor Paranjape said that it was really not necessary to counter such arguments in great detail mainly because these were based on a wrong conception of the role of a planning organisation. The kind of an expert, technical, advisory body that had been suggested was not likely to become a rival to the State Cabinet, though it would indeed help in reducing the amount of arbitrary decision making, and that was a good thing. The need to set up such bodies at the States level had become all the more imperative after the General Elections of 1967, which brought into power in some States Governments belonging to political parties other than the one at the Centre. Above all, the prevailing political instability in some of the States which, he was afraid, was going to remain a feature of our politics for sometime to come, had further necessitated the establishment of Planning Boards in States. These might ensure a degree of continuity in planning and would facilitate carrying of an uninterrupted dialogue at the professional level between the State planners and the Central planners. In the shifting sands of politics, the existence of a technical planning body might help ensure to some extent that planning did not receive too many jolts.

Professor Paranjape said that the other important problem pertained to the role of the Planning Commission. The Planning Commission was not a statutory body. Actually it was appointed by the Union Government and the States had no say in the appointment of the Members of the Commission. In this sense, it was somewhat in the nature of a subordinate agency of the Union Government. It had, therefore, been suggested in some quarters that if the Planning Commission was to enjoy the full confidence of the States it should either be placed on a statutory footing or in some way made a federal body. An important step that had been taken by the Central

Government following the recommendations of the A.R.C. was to depoliticise the Planning Commission as much as possible. The practice of appointing many Central Ministers as Members had been given up. Now only the Prime Minister (and till recently the Dy. Prime Minister and Finance Minister) was formally associated with the Commission. Most of the States were in favour of the Prime Minister continuing to be the Chairman and the Finance Minister a Member of the Commission. It should also be noted that the Planning Commission had always enjoyed the reputation of being not merely a spokesman of the Union Government but an impartial national body, though occasionally it did come very near to being accused of taking its cue from the Union Government. The recent depoliticisation of the Planning Commission should go a long way in inspiring confidence in the States about the impartiality of its advice. Professor Paranjape said that he was personally of the view that there were many factors which necessitated that the Planning Commission should be a body somewhat closer to the Union Government—the question of financial assistance to States being one such important consideration—and that we should allow the present experiment to continue for sufficiently long before thinking of introducing more complications by making the Commission some kind of a federal or a statutory body.

Professor Paranjape said that the next question was that of financial assistance to the States. The Working Paper had described in some detail the manner in which and the reasons for which the States came to depend heavily on the Centre for developmental finance. To an appreciable extent the various distortions that had crept into planning at the State level were substantially due to the methods of Central assistance. The lack of any specific criteria for the distribution of Central assistance among States was responsible for political bargaining which came to characterise plan discussions in which overemphasis was placed on demands rather than resource availability and resource mobilisation. The Working Paper had described the steps that had recently been taken by the Government, in the light of the recommendations of the A.R.C., so as to reduce the causes of tension in the Union-State relations in the field of

finance. Of these, mention should be made of the two most important steps. Firstly, certain principles had been evolved through the efforts of a Committee of the N.D.C. for allocation of Central assistance among the States. This had removed one of the lacunae which tended to make the State plans inflated and also made the plan discussions lop-sided. Secondly, an indication of the Central assistance that would be available to the States for the whole five year period had been given to the States in advance so that the States fully knew what they were going to receive from the Centre. It was expected as a result of these steps that the States would formulate their plan proposals in a realistic way. However, the recent experience in the formulation of the Fourth Five Year Plans of States indicated that the State planning exercise had not undergone any significant change for the better. The States continued to submit inflated plans with the result that the State plans taken together continued to exceed the total of the Central assistance indicated plus what the States were expected to mobilise on their own. At every meeting of the N.D.C., the States continued to harp on the same old theme of more Central assistance even when the principles for its distribution were worked out by themselves. The Central issue that was posed in the Working Paper, therefore, remained unsolved, *viz.*, in what way could it be ensured that the States genuinely prepared themselves for an adequate developmental effort, effectively participated in the formulation of a National plan, formulated their own plans in a better way and agreed to measures that were essential if sustained development effort was to materialise. The answers to the questions were very much connected with the political instability in States where, due to constant toppling threats to Government in power, there was little readiness to take steps for resource mobilisation which were bound to be unpopular and likely to be exploited by political opponents. To some extent, the Planning Boards would be of some use to the State Governments in this regard. They might help in posing the real issues in a dispassionate and objective manner without these being clouded by political dust.

Finally, Professor Paranjape said, there was the issue of balanced regional development. This problem had recently given rise to considerable tension in Union-State relations. Once again

one found here much clouding of issues. Agitations had been planned and executed for the location of Central projects in particular States without realising that big Central projects by themselves had not a significant impact on the economic problems of States like Bihar and Madhya Pradesh. At the instance of the N.D.C., the Planning Commission recently set up two Working Groups with a view to meeting this problem and the recommendations that had been made by these Working Groups would go some way in meeting the problem. However, the problem itself was so complex that it would take years before anything substantial could be expected in the sphere of balanced regional development. It would appear that short-sighted approaches would continue to prevail as no genuine long-term plans for development were prepared for different States. In the absence of such long-term planning, there was bound to be a scramble for a share in whatever developmental efforts were being undertaken at the moment. On the other hand, if each State could see for itself how it was going to develop, what it was going to get and when, we may have a semblance of reasonableness in the competition that went on for obtaining a share in the investment being undertaken at a particular point of time. It is the feeling of 'now or never' that was at the root of much of the discontent and agitation. Thus, long-term perspective planning, both at the Central as well as at the State level would go far in reducing the tensions in Union-State relations due to regional imbalances.

Shri M.V.S. Prasada Rau said that the problems of Centre-State relationships were inherent in a federal system. However, till 1967, when one party was in power both at the Centre and in States the problems did not come to the surface. One of the problems that needed to be tackled immediately was that relating to the non-correspondence between the responsibilities and the resources of the States. Shri Rau further said that even after the reconstitution of the Planning Commission and the so-called liberalisation introduced in the planning process, in reality there was little flexibility and little freedom to the States in carrying on planning best suited to their needs and requirements.

Shri Rau added that a theoretical approach to planning would not succeed. He was of the view that what was lacking was not so

much effective planning at the State level as proper implementation. Referring to the role of District Collector in implementation, he said that in those States where the District Collector was directly made responsible for co-ordination in the implementation of plan schemes and programmes, execution had been far more satisfactory than in the case of States which had divested the Collectors of developmental responsibilities. Since most of the Heads of departments had their headquarters at the State capitals and they were not in a position to tour the districts for more than two or three days a month, it was vital that somebody at the district level was made fully responsible for development planning. In his view, the District Collector was the most appropriate authority to whom this function should be entrusted.

Professor B.L. Maheshwari said that development and integration were two major national goals of a developing society. Integration and development exhibited linear relationship but did not always move at the same speed. The very process of development tended to release forces which often made for instability and affected integration. The second point that Prof. Maheshwari emphasised was that conflict was inherent in any political system; more so in a federal system. The real question was to what extent conflicts could be allowed to grow and what were the instruments of conflict management and conflict resolution. Shri Maheshwari said that traditionally our political system had been unitary in nature and, despite the facade of a federal Constitution, our system had strong unitary features. Almost all strategic decision in the Indian society, whether political, administrative or others, were taken at the Central level. He said that in recent years there was a noticeable change in the direction of power relationship in our political system. However, he was personally convinced that though the States had major developmental responsibility and in any way would have to be used as major instruments for development, no development on a substantial scale was possible without not only the active support but some kind of benevolence of the Centre. Whether one liked it or not, the dependence of the States on the Centre for economic development was built in our system.

Prof. Maheshwari further said that three methods of conflict resolution could be identified :

- (i) Consultation, discussion and persuasion—the method of political compromise ;
- (ii) Confrontation ; and
- (iii) Depoliticisation—putting away as many issues as possible outside the arena of political controversy.

The first method was practised with considerable success during the days of the hegemony of the Congress Party and to a limited extent it was being practised even currently. Actually, solutions tended to be intra-party rather than constitutional. Today the situation was such that even appeals for party unity did not evoke much of a response.

The second method which is now being practised in a big way is the method of confrontation. In this method of political confrontation, issues were inflated, controversies were blown out of proportion, conflicting situations were emphasised and no State Government belonging to a party other than the one at the Centre would like to be accused of cooperating with the Centre. With all its drawbacks and dangers, there was one advantage in this politics of confrontation. It was that some of the problems which might not otherwise be taken note of by the society were brought to the surface. In that sense, confrontation was important and served a useful purpose. The confrontation in itself did not however resolve a conflict because it forced the participants to take extreme positions.

The third method of conflict resolution was the method of depoliticization. The basic theme here was to put away as many issues as possible outside the arena of political controversies. Prof. Maheshwari said that he was not pleading for a depoliticised political system. There was bound to be political interaction between the States and the Centre. What could, however, be done was to leave out certain matters from the influence of politics—matters that experience had shown to be the root causes of explosive situations. One such area was the question of location of Central industrial projects. Certain norms and criteria could be laid down for the location of projects and the decisions relating to the actual location could be left to an expert, non-political, body. Summing up, Prof. Maheshwari said that he would like to make clear that his

plea was not for a change in the structure of power but for a change in the style of politics and the nature of interaction between the States and the Centre.

Dr. K.H. Cheluva Raju said that what made the Indian experiment unique was that for the first time in the history of mankind, a country was trying to experiment with national planning in a democratic, federal system. To some extent, the United States of America tried this experiment on a very small scale, but it did not go very far.

Dr. Raju said that the most important aspect to be kept in view was that in our system there was Constitutional division of powers between the Centre and the States. National planning had to operate within the framework of the Constitution. Naturally, a situation like this was bound to give rise to certain problems. Referring to the criticism that planning had no legal basis in our system, Dr. Raju said that this was too legalistic a view. In a matter like planning, it is neither necessary nor really desirable to put down everything in terms of law. It was a wise decision not to place planning machinery as well as planning process on a statutory footing. Such a step would have led to interminable litigation, delayed decisions and thus defeated the very purpose of planning.

Referring to the criticism that the Planning Commission had become a supper Cabinet, Dr. Raju said that this was an unfair criticism. It was true that the Planning Commission had been playing a dominant role; but the States themselves had been largely responsible for this as they had been demanding more autonomy, more resources and so on without preparing themselves for undertaking effectively the complicated planning tasks. They had resisted the idea of State Planning Boards which would have gone a long way in improving the quality of planning at the State level and made for a more meaningful dialogue between the States and the Planning Commission at the professional level. He was doubtful whether the Planning Commission and the Centre would be prepared to concede real power to the State Governments unless and until the States took steps to equip themselves with proper planning machinery. Referring to the plea sometime made that the Planning commission should be converted into a some kind of federal body with

State representation on it, Dr. Raju said that this would create more problems than it would solve. He was of the view that the National Development Council would have to play a much more effective role in the changed political conditions. While its functioning had not been very satisfactory, there was no alternative but to streamline its procedures of work and to make it really the supreme planning body, giving general directions and guidelines to the Planning Commission. Dr. Raju defended the existing machinery and organisation in the field of planning though he agreed that marginal adjustments were necessary to make them more effective. As regards depoliticisation, Dr. Raju said that planning in the last analysis was a political process and, especially at our present stage of political and economic development, it was not only impossible but also unwise to bifurcate planning from politics.

Shri J.K.P. Sinha said that the Finance Commission was a statutory body whereas the Planning Commission was not and since, to some extent, their functions did overlap, it was inevitable that certain problems would arise and these would have to be resolved. There could be no once for all solution. Solutions would have to be found in the changing context as new problems were bound to arise from time to time.

Prof. M.V. Mathur said that he would confine his observations to three points :

- (i) How far de-politicisation of the planning process was desirable and feasible both at the Central and the State levels;
- (ii) the so-called conflict between the Planning Commission and the Finance Commission; and
- (iii) the very crucial problem of implementation.

Prof. Mathur said that he was happy that the plea for a competent expert planning organisation at the State level was now gathering support from all sides. In fact the need for a basic pre-requisite such as this should have been felt at the very beginning of planning.

Coming to de-politicisation, Prof. Mathur said that under a system of Parliamentary democracy, he did not see much of a virtue in de-politicising the planning process. There were

certain activities like justice which certainly should be strictly insulated from political influence and pressures. The planning process was itself, in the last analysis, a political process. It naturally followed therefore that the level of competence in planning would conform to the level of politics and there was no getting away from this fact. It had been demonstrated more than once that the advice tendered by an expert body, however competent it may be, was not likely to be effective unless it was politically acceptable. After all it was the politician who had finally to take decisions and not the expert bodies. It was, therefore, inescapable that if the advice given by the expert bodies was to be associated with the process of tendering the advice itself. He said that, whether at the Central level or the State level, the Prime Minister or Chief Minister and the Finance Minister would have to be associated with the planning body.

Prof. Mathur said that he would very much like a process to be introduced in our system whereby the academicians were enabled to look at the practical problems and the process of administration from a very close quarter if they were to be able to tender such advice as can be acted upon by Government. This happened in the United States of America. The U.S. Government provided opportunities to academic people to function within Government for a spell of time. With this practical experience, they went back to their academic work. In this process their understanding and appreciation of the practical problems of administration got enriched. Unfortunately this did not happen in our system. On the other hand, the politicians themselves must develop a sprinkling of functional expertise. In short, there had to be some kind of training for both the academicians and politicians. The IIPA had a role to play in this sphere.

Coming back to planning machinery, Prof. Mathur said that he was of the firm view that the NDC should be given a statutory status under Article 263 of the Constitution. After that, a convention could develop whereby the Planning Commission became the Chief Advisory Body for the NDC, apart from the Union Government. But this was possible only after the planning at the State level got professionalised. This would facilitate a professionalised dialogue between the professional

representatives of the States and the Centre well before the discussions took place at the political level between the Planning Commission and the States and then in the NDC.

Speaking about the alleged conflict between the role of the Finance Commission and the Planning Commission, Prof. Mathur said that there was no doubt that the role that the Planning Commission now played in the transfer of resources to the States was never envisaged by the Constitution. He said that, in the Constituent Assembly, Shri T.T. Krishnamachari had declared that all transfers should be made through a non-political agency. Article 282 under which the grants for plan purposes were made to the States on the advice of the Planning Commission was a miscellaneous provision; it was performing currently a major function. There was nothing in the Constitution which prevented the Government of India from making the Finance Commission a continuing standing body. No amendment of the Constitution appeared to be necessary for the purpose. The membership of the Finance Commission could of course be staggered. One Member of the Planning Commission should always be a Member of the Standing Finance Commission. Prof. Mathur was of the opinion that an arrangement of that kind would go a long way in removing the anomaly created by making an artificial distinction between plan and non-plan expenditure. He said that there was no generic difference between plan expenditure and non-plan development expenditure. The Planning process had been the poorer because of a distinction of this kind.

Prof. Mathur said that in his view the district was going to be a pivotal force in planning and other activities in the future. Strong district level bodies like Zila Parishads had a very important role to play in developmental planning because no planning would succeed without the active cooperation and participation of the people themselves. To be effective, these bodies would have to be provided with the necessary powers and resources. Sometimes a demand was made that there should be a separate Finance Commission for each State to go into the problem of devolution of resources from the State to district and other local bodies. He said that a multiplicity of bodies would create many problems. This function in his view could

be appropriately entrusted to the State level planning organisation.

Prof. Mathur further said that our India had diverse potentialities of development in different parts and regions. In order to ensure that the scarce resources were employed so as to obtain an optimum return, the investments in different States should be made on the principle of equi-marginal returns. This should be one of the key responsibilities of the NDC. This was a technical problem and would need much expertise. Fortunately, there was not much dearth of experts in the country. What was necessary was to create some kind of a development pool of experts and their services should be made available to the various States for planning their key projects.

Coming to the problem of implementation, Prof. Mathur said that one of the most pressing needs was to strengthen, reorient and streamline the administrative services both at the State as well as the Central and all-India levels so as properly to equip them in discharging their manifold developmental tasks. It was necessary to develop a civil servant who would be able to resist and withstand various undesirable pressures. With a view to developing a strong moral fibre and sense of deep commitment among the civil servants, it would be desirable to recruit them as soon as they had completed their higher secondary education and then give them three years' intensive training.

Lastly, Prof. Mathur said it was imperative that strong professional plan evaluation bodies were set up at the Centre, as well as in States.

Shri V.M. Bhide observed that from what he had heard at the Conference and from what he gathered from the various papers circulated, it seemed that many of the ills in planning were sought to be attributed to defective Centre-State relationships. The other theme which had been expounded by many related to the financial dependence of the States on the Centre.

Shri Bhide said that he was not an academician but a practical administrator. If one was to take a dispassionate view, there was no doubt that our planning had not been all

successful, there had been many shortcomings in regard to implementation and not all the goals set had been achieved. However, from his experience, he could say that these failures in planning were not due to defective Centre-State relationship. This did not mean that there were no problems in the Centre-State relationship in the sphere of planning or that further improvement in it was not possible. But this had been by no means a major reason for the shortcomings in the planning process as well as plan implementation.

Shri Bhide said that a point was made that the States had little freedom in planning according to their own requirements and potentialities. This was far from the truth. The Working Paper had described the steps that had been recently taken to enable the States to plan according to their own needs and distinct potentialities. The States had been asked to prepare their Fourth Plans with reference to their own priorities after examination of their resources and a critical assessment of the development that had taken place till then. Even the National plan frame, in which the State plans had to fit, had been prepared after ascertaining what the States were likely to do. Some marginal differences of opinion were bound to remain even as regards major objectives or strategy; this was inevitable in a large federal democracy such as ours and would hardly call for the criticism that the States had no freedom.

Shri Bhide said that when it came to the organised set-up for planning at the State level, undoubtedly considerable improvement was necessary. After a review of the performance of two decades of planning, it was realised that greater emphasis would have to be given to the area development approach in planning. Due to various reasons, especially due to lack of a competent planning set-up, the States had not been able to do much by way of preparing well conceived regional and area plans. Here again there was no imposition of the Central will on the States. The Planning Commission had advised that, for various reasons, the district would be an appropriate unit for planning; but the States had complete freedom to decide on any other area as the basic unit for planning.

Shri Bhide said that one of the other points that had been

repeatedly mentioned was the dominance of the Central Ministries on the States. There were certain areas, even in regard to the State subjects, in which the Constitution itself had entrusted certain responsibilities to the Centre. For example, in a programme like the eradication of malaria, the Centre could abdicate its responsibility by allowing a few States not to participate in the eradication drive for the simple reason that, if one or two States lagged behind in the implementation of this programme, all the good work done by other States would be nullified in a short time. The Centre also had certain coordinating functions—once again entrusted to it by the Constitution—like maintenance of standards of higher education. For example, it should hardly be considered coercive if the Centre opposed a rush to set up universities irrespective of the availability of adequate teaching staff and equipment.

Speaking about the so called conflict between the role of the Planning Commission and the Finance Commission, Shri Bhide said that his own experience as Finance Secretary of a State was that in practice there was little conflict of the nature referred to in many quarters. The Finance Commission is a Constitutional body and is appointed with well defined terms of reference. By convention, the Finance Commission's recommendations had been taken as an award. To remove one of the defects in the planning process that had crept in because of the fact that the Finance Commissions were usually appointed after a Plan had been finalised, the last Finance Commission was appointed much in advance so that its recommendations were available before finalising the Fourth Five Year Plan. Another important consideration was that now there was clear formula for the distribution of the Central assistance among the States. Moreover, in future, every State would get 70 per cent of the Central assistance as loan and 30 per cent as grant. Thus the financial relationship between the States and the Centre had now been placed on a well defined footing about which there could be no doubt in the minds of the States. This should help in realistic State planning. States know for certain the quantum of the Central assistance. This being fixed, the size of their total plan effort would depend on the

resources they could mobilise on their own. They also had the freedom to plan with reference to their own natural resources and needs. Shri Bhide said that the changes that had recently been introduced in the planning process should be allowed full play before one thought of drastically changing the organisational and procedural arrangements for planning to ensure better Centre-State relationships.

Shri Bhide concluded by saying that there were certain directions in which the Centre could help and guide the States to ensure better and effective planning at the State level. For various reasons the Centre was in a better position to develop certain kinds of expertise and research, the fruits of which could be made available to the States. The Planning Commission had a major role to play as an advisor both to the Centre and to the States. But it would be definitely helpful if the States were also to have an organisation—not necessarily on the lines of the Planning Commission, but one which could help in preparing objective and techno-economically feasible plans with particular reference to the potentialities and resources of individual States. The relations between the Centre and the States in the field of planning should be governed on the basis of expertise and mutually beneficial communication.

Dr. V.P. Verma said that some speakers had referred to the depoliticisation of the planning process implying thereby the autonomy of the planning process in the framework of the total political system. He said that he had a semantic objection to the expression depoliticisation. Politicisation meant making the people conscious of the importance of the political process in social behaviour and this was a good thing. What perhaps these speakers meant was depoliticisation which meant that certain kinds of policies and areas of activity should be immune from encroachment by wielders of political authority. He agreed that the politicians should not spread their tentacles in all spheres.

Dr. Verma said that so far the economists had had a disproportionately large voice in the formulation of policy. There were other important social and behavioural sciences which had a significant contribution to make and these scientists should be

enabled to make their contribution in regard to formulation of policies in the context of planning.

Dr. Verma further observed that the Planning Commission should be placed on a statutory footing. It was difficult to avoid legalism under a federal form of Government ; actually there were many advantages in putting certain things on a legal basis. After all, we had legalism even in administration which became evident from the large number of writs and injunctions in the Supreme Court and the High Courts. As regards the idea of Planning Boards, Dr. Verma said that he was not very optimistic about the success of such bodies at the State level. His own experience was that such bodies tended to be mere public relations organisations. He said that while implementation was important, in the Gandhi Centenary year, it was imperative that we go beyond implementation to the aspect of distribution of the fruits of planning. In spite of loud talk and high sounding platitudes we were nowhere near the egalitarian society which was our professed ideal.

Prof. Rathee said that there was too much interference of the politicians in the planning process. There were many among the high-ups who were not only not committed but were not even interested in balanced development of all areas of the country. The administration was by and large unable to withstand the political pressures. Instances were not lacking of conscientious officers being suspended and put to all kinds of troubles. It was necessary to devote much greater attention to this aspect of development.

Shri R.L.P. Sharma stressed the importance of people's participation in the formulation and implementation of plan programmes. It followed from this premise that planning should be from below and not imposed from the top. He was not in favour of putting the Planning Commission on a statutory footing. He suggested that the leader of the opposition should also be a Member of the Planning Commission.

Dr. R.C. Prasad said that overemphasis was being placed on depoliticisation. Politics and administration were not two distinct structures though they were very separate functions. It was better to speak of politics and administration in terms of

functions rather than in terms of structures. Those who talked about depoliticisation perhaps want to emphasise the necessity of developmental expertise rather than political wisdom in a planning body and not the complete exclusion of politics from the planning process. After all politics is a ubiquitous phenomenon. It was everywhere, in administration, in universities, and for that matter in every social organisation.

Dr. Prasad further observed that development does not mean economic prosperity alone ; social and cultural development was equally important. It also meant real equality in opportunities and social mobility. He also stressed the importance of 'feedback' in the planning process.

Shri Mohinder Behl said that there was too much slogan mongering in our planning process as in other aspects of life. We talked about socialism, welfare state and so on without being precisely clear as to what these concepts meant. It was time these expressions were given an acceptable and clear content.

Dr. B.D. Raheja said that there had been a neglect of the problems of urbanisation in our planning. Urbanisation was an inevitable concomitant of economic development ; but it brought in its train a host of problems which needed to be tackled imaginatively and urgently. Rural-urban relationship was an area which needed immediate attention.

Dr. Raheja observed that when one wanted to stimulate economic growth, resources had to be employed having regard to returns and not other considerations. This not only required that investment should be governed by what Prof. Mathur called the principle of equimarginal returns, but the Centre-State relations themselves would have to be redefined so as to give a position of strength to the Centre. Another lacunae was the approach to the transfer of resources from the State to the District and local levels. A system under which the local bodies were helplessly dependent on the States for finance was not likely to stimulate local initiative ; and this Local initiative was a pre-condition of local development.

Shri Virendra Prakash said that though finance was the most important single aspect of Centre-State relations, there were

other matters which were assuming great importance in recent times. Among these were questions relating to services, especially the All-India Services, and ideology. Personally he was of the view that while ideology was being trotted about day in and day out, in reality it played an insignificant part in national policies. However, there was a great deal of conflict developing between the States and the Centre on the question of services. He suggested that a separate seminar should be held on the role of All-India Services in the harmonious functioning of the Centre-State relations. As regards plan implementation, some kind of Evaluation Commission should be constituted towards the end of a plan period to make an assessment of the performance of the State Governments in the implementation of their plans. Allocation of further Central assistance in the next plan should be made conditional on the performance as adjudged in the previous plan. Shri Prakash further observed that in the sphere of State subjects, the Union Government and the Planning Commission should set national and state-wise targets and the performance should be judged with reference to these targets.

Speaking about the role of the district as an area unit for planning, Shri Prakash said that there was a good case of redemarcation of the districts with reference to homogeneity of resources and other condition. Rural districts should be separated from their urban component. Shri Prakash was not in favour of the suggestion of having a development bank for channelising credit to identifiable projects. He was also not in favour of making the Planning Commission a statutory body. He was sceptical of the idea of the Planning Boards in States unless these could be immunised from political pressure. Unless, therefore, the Planning Boards were constituted on the pattern of the Planning Commission and the Members of the Board were given the status of Ministers, the Planning Boards would not be able to perform the functions envisaged for them.

Shri M.K. Chaturvedi observed that over the last about two decades of planning in the country, two particular trends were becoming increasingly discernible. Firstly, there was a growing parasitic tendency at all levels of national life. At each level people first wanted to ascertain what they would get in the shape of assistance from the next higher level before they could think

of their own contribution. The other trend was that of deliberately over-pitching demands. Shri Chaturvedi was of the view that the emergence of these trends was due to the fact that in our public life there was a wide gulf between appearance and reality. India had, Shri Chaturvedi said a federal Constitution but the Centre wanted to have the last word on every matter of consequence. Simply because the Constitution had made the Centre financially strong, it did not entitle the Centre to make in-roads into and interfere in matters that were constitutionally within the jurisdiction of the States. Even the trend of allowing States some freedom in planning was of very recent origin and something reluctantly accepted. He warned against the Centre interfering in State subjects under the garb of coordination and ensuring of standards as this was bound to bring in its train situations fraught with friction. Those who feel that the present Constitutional provisions impede smooth functioning of planning should go to the Parliament and get the Constitution amended instead of using subterfuges or financial strength to get the States willy nilly to agree or to compel them to do things in a certain way.

Shri K. Singh emphasised the need to pay proper attention to the development of rural areas. He also stressed the importance of popular participation in planning and implementation.

The Chairman then requested Professor Paranjape to clarify the distinction between the words 'politicalisation' and 'politicisation' regarding which there had been a difference of opinion among certain speakers. Professor Paranjape said that he would not like to indulge in hair-splitting as long as the proper meaning of the concept was clearly understood. What he had meant to convey through the word 'depoliticisation' was that while Planning in the last analysis had to be a political process, there were many aspects of it that could be profitably taken out of the sphere of political controversy. What was necessary was clearly to identify such areas and entrust them to non-political expert bodies so as to reduce the possibility of tension in the Centre-State relationships. It did not really matter very much whether one called the process depoliticisation or depoliticalisation.

The Chairman, Shri H.M. Patel, while winding up the discussion thanked all those who had contributed papers and participated in the deliberations.

Offering his concluding remarks, Shri Patel said that he would not like either to summarise what had transpired or even to list out the principal points that had been made. He would confine his remarks mainly to one major issue which stood out at this particular juncture in the nation's life. Referring to the various centrifugal tendencies and the parochial outlook which were gaining an upperhand in recent years, Shri Patel said that the problem of national integration transcended all other problems. When the country became free in 1947, whenever such questions as location of projects came up, the primary consideration was one of national interest. Unfortunately, over the years, this national outlook was being pushed into the background.

Shri Patel further observed that our Constitution was federal with certain strong unitary features. The Centre and the States had their powers defined in the Constitution. However, it would be wrong to think purely in terms of the Constitutional provisions or in the language of confrontation. There were certain things which of necessity had to be tackled on an all-India basis and the States would no doubt have to fulfil their obligations in this respect. To a certain extent, divergence of views and differences were inevitable. These had to be resolved through discussion and persuasion; it was not as if sanctions had to be applied in each and every situation. What was necessary was to view this problem of Centre-State relations in the context of India as one nation. Unless this attitude was developed, we would be courting disaster.

Shri Patel said that it was necessary to bring the same national approach to bear on development planning. Planning was a two-way process; certain things had to be done from the bottom upwards and certain from the top downwards. Someone had to do the coordination; someone else had to undertake execution. All this had to be done in a democratic set-up. In the discussion process regarding the Plans, the Planning Commission learns something from the States and the States a good deal from the Planning Commission. It was unfortunate, however, that principles should be sacrificed for gaining a short-term financial advantage. The instances that had been cited such as the one of the States accepting certain programme just because they carried substantial financial assistance, without

looking into their suitability or relevance to conditions in particular States, were an unmistakable evidence of the weaknesses that were creeping into our body politic. These cannot be corrected merely by enacting laws or amending the Constitution. They could only be settled by developing right attitudes towards the problems facing the country. Above all it was important that everybody looked at any problem from the fundamental premise that India was one country and that all of us were Indians.