Planning has emerged as an important function of the modern government and involves its purposive intervention to effect socially desired changes in the structure and course of the economy. Corresponding to political ideologies and institutional framework of the systems, a widely varied planning typology is observed in the world, ranging from centralised comprehensive management of the economy practiced in socialist countries to indicative planning in vogue in western capitalist countries. In between, there are federal systems with mixed-economies in which inter-governmental relations in planning have thrown up a special direction of operational problems. Our country constitutes an important case in this category. One of the major developments in the post-Independence era in our country is the establishment of a planning system. Over the years, it has become comprehensive and elaborate. In the context of planning process, the Planning Commission and National Development Council are the key institutions which play an important role in the formulation and implementation of the Five-Year Plans.

**PLANNING COMMISSION**

The Planning Commission was established by a resolution of the Council of Ministers on 1950. Which laid emphasis on the need of planned development to raise the standard of living of the people and to reduce the strain on the economy which is caused due to conditions created by the war and the influx into India of the several

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million persons displaced from their homes and occupations. It then
draws attention to the fundamental rights guaranteed to the citizens
in the constitution and the directive principles of the State Policy
which lay down the broad lines of the new social order which the State
should seek to secure. The resolution highlighted the need for
comprehensive planning based on a careful appraisal of resources.
These purposes can best be achieved through an organization free
from the burden of the day-to-day administration, but in constant
touch with the government at the highest policy level. Accordingly the
Government of India decided to set up a Planning Commission. The
resolution made quite clear the advisory role of the Planning
Commission. In paragraph six, it said, “The Planning Commission will
make recommendations to the Cabinet2”. In framing its
recommendations, the Planning Commission will act in close
understanding and consultation with the Ministries of the Central
Government and the Governments of the States. The responsibility for
taking and implementing the decisions will rest with the Central and
State Governments. The resolution describes in a general way the
duties assigned to the Planning Commission in relation to the Social
and Economic Development and the research studies it has to
undertake for the efficient carrying out of these functions. These may
be grouped under the following heads:-

I. **Assessment of the Material, Capital and Human Resources and their Conservation and Augmentation:**

The first place is given to human resources. The fundamental aim of all Planning is to raise the quality of life of men and women. There should be well knit education system, facilities for technical education, natural resources should be studied quantitatively and qualitatively and the best methods for conserving them and utilizing them should be introduced. There should be regular studies of financial resources, price levels and consumption patterns that can be made available from time to time.

II. **Balanced Utilization of Resources:**

The plans should suggest the use of available resources for securing the maximum rate of growth in the economy with largest measure of social justice attainable.

III. **Social change:**

Studies should be made to introduce changes in the social order which are essential for the success of the plans. There should be studies of changes that have to be brought about in attitudes and outlooks.

IV. **Policy Reviews:**

The broad strategy of the plan should be worked out along with the economic, fiscal and other policies on which it should be based. The chapters in Planning Commission’s reports dealing with individual sectors of the economy and with the problem of administration should include statements of the policies to be
pursued. These have to be reviewed and the changes considered necessary placed before the Cabinet.

V. **Planning Techniques:**

These should be continuously studied and improved. They included perspective planning and patterns of development etc.

VI. **Settlement of Priorities:**

Criteria should be evolved for the fixation of priorities and for the reconciliation of competing claims on the Country’s resources. For this there should be critical scrutiny of projects and programs from the economic and financial point of view.

VII. **Public Co-operation:**

Continuous studies should be made of the steps which should be taken for making the people feel a sense of proprietorship in the plans so that efforts on a national scale might be made for their successful implementation.

VIII. **Appraisal of Progress:**

There should be appraisal of projects from time to time with an analysis of the factors which hinder development. Based on such analysis, the Commission should recommend such adjustments of policy and improvements in administration as may be needed to secure successful implementation.

IX. **Evaluation and Research:**

There should be evaluation of results from time to time; and research should be organized to study social and economic results of legislative measures and for other connected purposes\(^3\).

Composition of Planning Commission:

The composition of Planning Commission has undergone a lot of change since its inception. The Prime Minister in his capacity as Chairman of the Commission, participates and gives directions to the Commission on all major issues of policy.

The Planning Commission comes under the Ministry of Planning. The Commission functions through several technical/subject divisions. Each division is headed by a senior officer designated as Principle Advisor/Additional Advisor/Joint Secretary who functions under the overall supervision and guidance of the Member Secretary.

The Deputy Chairman and full time members of the Planning Commission functions as a composite body in the matter of detailed plan formulation. They provide advice and guidance to the Subject Divisions in the Commission in the various exercises undertaken for the formulation of Approach to the plan, Five Year Plans and Annual Plans. Their expert guidance is also available to the Subject Divisions for monitoring and evaluation of the plan programs, projects and schemes.

The Planning Commission functions through several divisions, each headed by a senior officer.
### TABLE 3.1
ORGANISATIONAL STRUCTURE OF PLANNING COMMISSION

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Name</th>
<th>Designations &amp; Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chairman</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Dr. Manmohan Singh</td>
<td>Prime Minister</td>
</tr>
<tr>
<td><strong>Deputy Chairman</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Sh. Montek Singh Ahluwalia</td>
<td>Deputy chairman</td>
</tr>
<tr>
<td><strong>Minister of State</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Sh. V. Narayanasamy</td>
<td>M.O.S (Planning) and Parliament Affairs</td>
</tr>
<tr>
<td><strong>Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Sh. B. K. Chaturvedi</td>
<td>Member (SP: Uttar Pradesh, Jammu &amp; Kashmir and North East)</td>
</tr>
<tr>
<td>5.</td>
<td>Saumitra Chaudhari</td>
<td>Member (SP: Gujarat, Rajasthan &amp; Uttarakhand)</td>
</tr>
<tr>
<td>6.</td>
<td>Dr. (Ms.) Syeda Hameed</td>
<td>Member (Health Grp, Gender &amp; Equity Grp SP: Haryana, Himachal Pradesh, and A&amp;N Islands)</td>
</tr>
<tr>
<td>7.</td>
<td>Dr. Narendra Jadhav</td>
<td>Member (Human Resource Grp, Emp &amp; Skill Development SP: Tamil Nadu, Goa &amp; Bihar)</td>
</tr>
<tr>
<td>8.</td>
<td>Prof. Abhilit Sen</td>
<td>Member (SP: Andhra Pradesh, Punjab &amp; Orissa)</td>
</tr>
<tr>
<td>9.</td>
<td>Dr. Mihir Shah</td>
<td>Member (SP: Madhya Pradesh, Chhattisgarh, Maharashtra &amp; UTs (other A&amp;N Islands)</td>
</tr>
<tr>
<td>10.</td>
<td>Dr. K. Kasturirangan</td>
<td>Member (S&amp;T, E&amp;F and Agri. Research (DARE) SP: Karnataka, Jharkhand, Lakshadweep)</td>
</tr>
<tr>
<td>11.</td>
<td>Sh. Arun Maira</td>
<td>Member (Ind., Urban affairs, Minerals, Tourism &amp; Culture SP: West Bengal, Kerala, Puducherry and Chandigarh)</td>
</tr>
</tbody>
</table>
**Chairman UIDAI**

| 12. | Sh. Nandan Nilekani | Chairman (Unique Identification Authority of India (UIDAI)) |

**Secretary**

| 12. | Ms. Sudha Pillai | Secretary |

**Principal Advisors**

| 13. | Sh. Lambor Rynjah | Pr. Adviser (Agri./E&F/WR/VAC/IDA/SP-Guj.&Mah.) |
| 14. | Sh. Amitabha Bhattacharya | Pr. Adviser (PC & GBS/Par. Cell/ Per, PG and Pension/Home Affair Cell/Edn./SP-Bihar,Jha,MP,Chha,STFB) |

**Source:** The Annual Report of Planning Commission, 2009-10.

The Planning Commission has 34 divisions and these divisions are as follows:

1) Agriculture Division (Agri.)

2) Backward Class & Tribal Development Division (BC)

3) Communication & Information Division (C&I)

4) Development Policy Division (DP)

5) Education Division (Edu.)

6) Environment & Forest Division (E&F)

7) Financial Resources Division (FR)

8) Health, Nutrition & Family Welfare Division

9) Housing, Urban Development & Water Division (HUD&W)

10) Industry & Minerals Division (I&M)

11) International Economic Division (IE)

12) Infrastructure Division (Infra)

13) Labour, Employment and Manpower Division (LEM)
14) Multi-level Planning Division (MLP)
15) Organisation & Method and Coordination Division
16) Perspective Planning Division (PP)
17) Plan Coordination Division (PC)
18) Power & Energy Division (PE)
19) Programme Evaluation Organisation (PEO)
20) Project Appraisal & Management Division (PAMD)
21) Programme Outcome & Response Monitoring Division
22) Rural Development Division (RD)
23) Science & Technology Division (S&T)
24) Social Justice& Women’s Empowerment Division (SJ &WE)
25) Socio-Economic Research Division (SER)
26) State Plans Division (SP)
27) Transport Division (Tpt.)
28) Village & Small Enterprises Division (VSE)
29) Water Resources & Water Supply Division (WR & WS)
30) Administration & Services Division
31) Other Units
   a. Border Area Development Programmes
   b. Western Ghat Development Programme

**Working of Planning Commission**

The Planning Commission works in close consultation with the Cabinet. The Prime Minister and the other Ministers, who are the members of the Commission attend all the meetings of the
Commission at which major issues are discussed. Similarly, the Deputy Chairman and members of the Planning Commission attend meetings of the Cabinet and its Committees when discussions take place on important matters connected with Planning. Thus as V.T.Krishnamachari said, “there is close and continuous touch between the Planning Commission, on the other hand, and the Ministers, Cabinet and the Cabinet Committees on the other. This places the Commission under the two fold obligation: First, it has to maintain secrecy in regard to differences of views between the Commission and Union and State Ministers. It cannot give out what its recommendations are and to what extent they are accepted or rejected; Secondly, it cannot engage in controversies in public about the plan, or reply directly to criticisms. It is for the Government concerned to decide in individual in individual cases what information they would like to place before the public”

The Commission is supposed to be only an advisory body. Its recommendations are not necessarily accepted by the Cabinet, despite the fact that the Prime Minister and some of his colleagues holding key portfolios are also members of the Commission. The task of implementation is left to the Union Ministries and the State Governments. Much of the criticism against planning falls in this field. The experience of last Sixty three years shows that the effective implementation has been the weakest link in the Planning Process. It

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was the outspoken Prime Minister, Rajiv Gandhi, who said that only 15 paise out of every rupee spent on the plan implementation reaches to the people, particularly in rural areas where the vast majority of our people live. A close examination of the situation reveals that five factors are involved in it, namely, “lack of enlightenment on the part of the people; character of official personnel, insufficient and ineffective supervision, want of adequate communication among the officials and the absence of any correct criterion of evaluation. It is in this field that efforts have been made to introduce the two concepts: Democratic Decentralization and Popular Participation, particularly after the introduction of the Panchayati Raj in the Country.

In actual practice, the achievements of the Planning Commission have not been commensurated with investments. In 1951-52, the total investment of First Five Year Plan was of the order of only 2000 crores. Investments have been doubling ever since (and there is the constant problem of inflation to contend with). It is to legitimate to ask what have we got in return. For this we need to examine the following three factors:

1. **A Comparison with the Economies of other Countries:**

   It is the fact that after 62 years of independence, India is at the bottom of the list in terms of its share in the world trade, is a sad commentary of our performance. Even if we like to compare ourselves with highly populated and large Country like China, it is clear that in many areas of infrastructure, they are far ahead of us. In almost all
areas of importance like, power, steel, irrigation, transport, we stand nowhere in comparision.

2. **The Uneven Growth Leading to the Concentration of Wealth in Fewer hands:**

   It is true that a small section of our population, which is less than 10% has, achieved level of comparatively better life. Among them, a much smaller section about 1-2%, enjoys highly affluent levels of income, enabling them to enjoy elitist consumer living standards.

3. **The creation of Black Money and the Havoc it has been causing to the Economy:**

   A result of the entire economic activity during the last 62 years, a whole new sector of parallel economy has come into existence, in which more than 50,000 crores of income annually escapes the net of Government-Tax assessment. This does not include the income and wealth generated through smuggling and other illegal activities like drug trafficking. All this unaccounted money is controlled by a very few people. It is this fundamental reality which is responsible for the economic stagnation as well as the situation of stagnation which is prevailing today.

   The planning process has many ups and downs. Under Nehru, it was followed with enthusiasm. Nehru was thus not only a creator of the Commission but also its mentor and took lot of interest in the working of the National Plan. Under his successor Indira Gandhi, there emerged the phenomenon of giving up planning and taking
resort to Annual Plans. She was also compelled to impose Emergency for about two years. Her successor, Rajiv Gandhi, perhaps did not have much idea of economics and had to take resort to large scale borrowing from foreign and indigenous sources. The economy of the Country was adversely affected His two successors had to face the dilemma and a stage was reached when Chandra Shekher’s Government had to pawn the country’s gold reserves to get a paltry loan of 400 crores. It was in these circumstances that P.V. Narsima Rao assumed reins of office. He and his Finance Minister had thus no alternative except to embark upon a new policy arising out of economic compulsions dictated by the creditors, the World Bank and the International Monetary Fund. Others took natural advantage of the plight and imposed certain conditionalities on us and we had no option except to accept them. This change in policy has been described in official circles as “Continuity with Change”. In practice, it meant a revolutionary change leading to demolition of various forms of controls and making the economy free and competitive, thus bringing back the dominance of the private sector. The new changed policy has proved effective and successful. There is more money in the kitty so far as foreign exchange is concerned; the pledged gold has been got back; hundreds of crores of rupees have been got by loan. In fine, we have been bailed out. But does it mean the end of planning? The answer is emphatic No? During the approval of Eighth Five Year Plan at the meeting of National Development Council, the Prime Minister
emphasized the need for continuing planning and said that the market mechanism could not be the sole vehicle of development and had to be dovetailed (convenient) with planning. Planning was necessary to take care of the poor and downtrodden. He emphasised on the relevance of planning process in the emerging Indian situation oriented towards globalization and market economy and declared that planning would continue to have a crucial role in number of areas. The Ninth Five Year Plan (1997-2002) launched in the 50th year of India’s independence was based on a careful stock taking of the strengths and weaknesses of past development strategies and seek to provide appropriate direction and balance for the socio-economic development of the Country. After that during the 10th and 11th Five Year Plan, Dr. Manmohan Singh’s Government underlined seven priority areas for action, namely: agriculture, water, education, health, employment, urban renewal and infrastructure. The emphasis was also laid on Rural Development through an Umbrella Programme, Bharat Nirman which is time bound business plan for action in Rural Infrastructure. Dr. Manmohan Singh believed that Planning Commission is a cornerstone of our Federal Structure and reservoir of research for Government.

The working of the Planning Commission has been criticized on many accounts. The First Administrative Reforms Commission (ARC) had noted that taking advantage of the chairmanship of the Prime Minister, the Planning Commission has steadily added to its functions
and personnel and has stepped into the area of executive authority of the Centre and the State Governments. But in later years, the position of the Planning Commission was eroded during the period of Rajiv Gandhi as Prime Minister, who, instead of making use of the experience and expertise of the Commission in the effective execution of the planning process laid more emphasis on the Prime Minister’s Office in carrying out the vital functions of the Commission like formulation of the Plans. The position of the Planning Commission, thus, ultimately depends upon the attitude of the Prime Minister towards the Commission. If the Prime Minister wants to use the Planning Commission as the pivot of economic planning and development, it will acquire a lot of importance. If he does not want to use it, the Commission becomes useless. The Administrative Reforms Commission, therefore, recommended to discontinue with the practice of Prime Minister’s formal and mandatory association with the Planning Commission, though acceding to the view that he should be invariably kept informed of the important decisions taken by the Commission and when he deems fit, may also attend the meetings of the Commission and chair it.

Quite often than not, the overcrowding of the Planning Commission with the Central Cabinet Ministers have also militated against the expert nature and functional autonomy of the Commission. Indeed, the objective of the creation of Planning Commission was to have a body, outside the normal hierarchy of the
Government, consisting of professionals to objectively assess and augment the resources of the country in order to formulate a feasible plan within the broad policy guidelines of the Government. Over the Years, the Commission appears to have turned out to be no less than a Government Department with the usual bureaucratic structure and functions, engaged in routine matters, instead of acting as a staff agency to suggest initiative and feasible policy alternatives to the Government. The need, therefore, is to restore the professional autonomy of the Commission by fine-tuning its structure through the reduction in the overbearing political component in order to keep its relevance intact⁵.

The most strident criticism of the working of the Planning Commission during its existence is that the Planning Commission, instead of confining itself to the formulation of the perspective of Five Year and Annual Plans, bothered itself more with execution and evaluation of the Plans, which need to have been the responsibility of the Development Administration of the Country. As Jawaharlal Nehru pointed out so succinctly, “The Commission, which was a small body of serious thinkers, had turned into a Government Department having a large number of Secretaries, directors and of course, a big building.

In a nutshell, the concentration of the power of allocating plan grants in the hands of the Planning Commission without any

corresponding responsibility to the Parliament or other elected bodies has prevented the vision of founding Fathers of the Constitution so much that they have emerged as one of the most formidable irritants in Centre-State Relations in India. Though, experts have opined against the consideration of the Central Grants to be a subversion of the Federal System, what has gone against the spirit of smooth Centre-State Relations is the tendency on the part of the Planning Commission to examine in details not only the total state plans but also the sectoral plans. Moreover, the tied grants disbursed by the Planning Commission at its discretion were not liked by the states. The states demanded using these resources as per the priorities of individual States. Moreover, in its enthusiasm to plan for the whole Country, the Commission betrayed an utter ignorance of the immense diversities prevailing in the Country and went ahead to work on the basis that nationally there should be practical uniformity. Naturally, hence the planning for development of the Country practically superseded the Federal Constitution with the result that it was functioning almost like a unitary system in many respects.

Nature and scope of the functioning of the Planning Commission has also impacted adversely on the scale and context of the functioning of certain constitutional bodies like Finance Commission, which have been designed to act as the fulcrum of the efficient and cordial Centre-State Financial Relations in the Country. Indeed, it appears to be a fraud on the Constitution to allow the
executive-decreed bodies like the Planning Commission to take charge of the vital subjects of the governance in the Country, more so, by subordinating the Constitutional bodies.

Though the apprehensions on the potentiality of the Planning Commission to ‘become sort of the Super Body over the Cabinet’ did not prove to be true, its overbearing impact on National Economic Policy making could not escape the attention of the scholars who found the Cabinet to be ‘relegated to the fringe’ by the Commission in this regard going a step ahead, in exposing the levitation called Planning Commission. Ashok Chandra pointed out that the Commission’s undefined position and wide terms of reference had catapulted it into a position of ‘the Economic Cabinet, not merely for the Union but also for the States’.

In view of these critical observations on the structure and working of the Planning Commission, it appears to have been robbed off much of its sheen, if not credibility and prestige, like most of the institutions, cumulatively called public sector, designed to intrude the bureaucrats into business, in accordance with the perspective of classical Nehruvian Socialism on the development of the Country. Still the old glory of the Commission remained untouched due ostensibly to the absence of better alternatives to replace the existing ones. The need of the hour is that the very techniques and objectives of Planning should undergo a radical change so as to enthuse the people and
create confidence in them that the plans are meant to achieve prosperity.

**NATIONAL DEVELOPMENT COUNCIL**

The National Development Council is one of the key organizations of the planning system in India. It symbolizes the federal approach to planning and is the instrument for ensuring that the planning system adopts a truly national perspective. The National Development Council has experienced numerous ups and downs in its fortunes. Its status has been determined by the prevailing political climate and the support provided to it by the Government in power at the Centre and the effectiveness of the pressures exerted by the State Governments. Notwithstanding the vicissitudes that it had faced during the last decades, its continuing presence in the apex policy structure has always been felt.

The National Development Council was established in 1952 by a resolution of the Cabinet. Its formation was recommended in the First Five Year Plan (draft outline) which observed, “In a country of the size of India where the states have under the constitution full autonomy within their own sphere of duties, it is necessary to have a forum such as National Development Council at which from time to time, the Prime Minister of India and the Chief Ministers of States can review the working of the plan in its various aspects”. The National
Development Council has come into being with the object of ensuring ‘uniformity of approach and unanimity in its working’.

**Composition of National Development Council**

‘The National Development Council, which will make its recommendations to the Central and State Governments, will be composed of the Prime Minister of the India, the Chief Minister of all States and the members of the Planning Commission’.

The Union Ministers in charge of subjects that come up for the discussion are invariably invited to the meetings of the National Development Council. The Planning Commission prepares papers for the Council on subjects included in the agenda. This body, like the Planning Commission is advisory. As, however, the Prime Minister presides and all the Chief Ministers are members and take part in its deliberations, such recommendations as it makes carry much weight with the Union as well as State Governments. The issue of reorganization of National Development Council was taken up by the Administrative Reforms Commission in 1967. The Administrative Reforms Commission in its Report on the Machinery for Planning (interim) had recommended that the National Development Council should be reconstituted as :

1. The Prime Minister
2. The Deputy Prime Minister, if any

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3. The Central Ministers of
   • Finance
   • Food and Agriculture
   • Industrial Development and Company Affairs
   • Commerce
   • Railways
   • Transport and Shipping
   • Education
   • Labour, Employment and Rehabilitation
   • Home Affairs
   • Irrigation and Power

4. The Chief Minister of all States

5. The Ministers of the Planning Commission

   It was also recommended that the Prime Minister should continue as the Chairman of the National Development Council, while the secretary of the Planning Commission should act as its secretary.

   The Government of India accepted the recommendations of the Administration Reforms Commission in a slightly modified form. It was decided that the National Development Council, headed by the Prime Minister, should comprise all Union Cabinet ministers, Chief Ministers of states, Chief Ministers/Chief Executives of the Union Territories and members of the Planning Commission. Accordingly, the National Development Council was reconstituted in October 1967, on these lines.
It may be noted that the National Development Council generally, does not pass any formal resolutions. The practice normally followed is that it maintains a detailed record of discussions held in its meetings, and then draws a consensus on the basis of such discussions. All the decisions of the Council are unanimous; yet, dissenting voices are generally difficult to ignore.

**Committees of National Development Council:**

With a view to creating an on-going mechanism for assenting the situation in critical priority areas, six committees of the National Development Council were set up, following the 43rd National Development Council meeting held in 1992-93. The Committees were as follows:

a) Committee on Population

b) Committee in Micro-level Planning

c) Committee on Austerity

d) Committee on Employment

e) Committee on Literacy

f) Committee on Medical Education

The reports of the committees contained useful recommendations for implementation by the Central and the States and thus formed meaningful inputs for the formulation, implementation and evaluation of important plan schemes and
programmes. These committees represent a marked improvement in the role-effectiveness of the National Development Council⁷.

**Working of National Development Council:**

The working of National Development Council since its inception in 1952 reveals that its preoccupations are many and varied, and a perusal of its original terms of reference fails to provide a total picture of its actual functioning. Its Terms of Reference expect it “to review the working of National Plan from time to time”. In practice, the Council makes recommendations pertaining to the overall size and structure of the Plan. The Plan, in draft is placed before it for its general approval⁸. Also, the Council periodically meets to undertake review of the Plan, thus, securing its coordinated implementation. In addition, it concerns itself with important questions of social and economic policy affecting National Development. It has laid stress on balanced development in different parts of the Country and to this end; it has favoured decentralized industrial production, setting up of suitable indicators of general development as well as a continuous study of the problem of diminishing regional disparities. It has endorsed the imposition of the betterment levy on areas benefitted by irrigation projects. The principle of betterment levy “is now accepted policy of the country.” Besides the council is in general agreement with a policy of prohibition and has emphasized the need for framing a phased

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program for its introduction\(^9\). The Council has favoured the introduction of Panchayati Raj structure as could be suited to the peculiar conditions of the state. It has also expressed itself in favour of the policy of extending co-operatives farms in the Country and has even laid down broad principles for guiding the organization of co-operative societies and the assistance to be given to them\(^10\). It has also shown itself in favour of developing the co-operative movement to bring the distribution system under social control. Almost all national problems ranging from the settlement of displaced persons from East Pakistan to the national emergency are considered by this.

Tarlok Singh calls it “the highest National Forum for planning” which “has in practice embodied and given informal sanction to the underlying concept of partnership and co-operation between the Centre and the States over the whole range of development,” and “which brings State Governments into the organic relationship with the organization of planning at the National Level\(^11\).”

The National Development Council is, thus the apex policy making organ of the Country. However, this, in itself hardly provides any reliable clue to its real effectiveness and strength vis-à-vis the Planning Commission. For, an apparently superior body exist only, or largely, to endorse the proposals emanating from other quarters, and this, infact, concedes real superiority to the latter. This conclusion does not appear to be too wide off the mark in the case of the National

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9. Ibid, p.29
Development Council as well. If the effectiveness of the National Development Council means as it should, the authority of the Chief Ministers, the power of the National Development Council, during the lifetime of Pandit Jawaharlal Nehru, was more apparent than real. Its effectiveness was sporadic and manifested itself in isolated cases only. It could not be sustained consistently over a period of time. The facts of political life are such that there cannot exist simultaneously a strong Centre and an effective National Development Council. This proposition would hold true notwithstanding the same political party running the administration both at the Centre and the States. The Charismatic personality of the Nehru never let the National Development Council test the Chief Ministers and the stuff of which they were made. At the meetings of the latter, with probably few exceptions, generally did not evince any disposition to call in question the validity of the Prime Minister’s view and thus, were never in their own. Nehru’s passing away has ended this phase of National Development Council’s history.

From 1952 onwards, the meetings of the National Development Council have not been held on regular basis, so much so that during a few financial years, no National Development Council meeting was held at all. It may be recalled that in the original resolution creating the National Development Council, it was laid down that its meetings would be held on a regular basis. This norm has been conspicuous by its violation. For instance, during 1992-93 the National Development
Council met only once. The Administrative Reforms Commission was also critical of this practice and it rightfully stressed that the National Development Council should meet regularly. However, the initiative of calling a meeting of the National Development Council lies with the Planning Commission of which the Prime Minister is the Chairman. There is no way that the members of the National Development Council can compel the Planning Commission to call a meeting of the Council.

Another limitation of the National Development Council relates to the agenda of its meetings. Normally, the agenda is prepared by the Planning Commission. Sometimes however, the National development meetings might stress that a few issues ought to be discussed in its meetings. But, those would pertain to a few specific issues and not to the overall character of the agenda.

While the socio-economic policies of the government are presented for reporting and approval to the National Development Council, these are generally presented as the decisions of the Union Government and the possible alternative policies to the existing approaches are generally not presented.

Some States have often complained that they do not find adequate time for presenting their own problems and difficulties before the National Development Council. They argue that regional factors in the Socio-Economic Development of various states and Union Territories are generally under-emphasized in the overall
process of formulation of Economic Plans. A reason behind this limitation is that in the Indian Planning Process, uniformity and commonality rather than diversity and divergence, have been valued much more.

The Sarkaria Commission opined that the National Development Council has not been able to act as an effective instrument for developing consensus and commitment to the national policies. Yet, it has been observed that National Development Council has acted as a forum for informal consultation between the Central and State Governments on a number of critical economic issues. However decisions concerning resource allocations between the two have been dominated by the viewpoint of the centre and this has strained to the certain extent the Centre-State Relations in the sphere of planning\textsuperscript{12}.

The National Development Council also provides opportunities to the opposition Chief Ministers to air their dissenting views concerning the national plan. In a meeting of the National Development Council held in 1969, certain states, for the first time officially disapproved the draft of the fourth plan. The Chief Ministers of the West Bengal and Kerala observed that they had been invited to discuss the Plan-Draft, while there was hardly any scope for its modification. A few of the southern States, including Tamil Nadu, had complained that although ostensibly, there was a federal approach to planning, regarding the allocation of financial resources, however, the

\textsuperscript{12} Sarkaria Commission on Centre-State Relations, Part I, p. 384.
approach, paradoxically enough, had been unilateral in its operation. After the Janata Government came to power in 1977, there was a vigorous demand from certain Chief Ministers that there should be a reappraisal of the Centre-State Financial Relations. Jyoti Basu, the Chief Minister of the West Bengal, had remarked that unless financial positions of States improved, it was not possible to achieve the target of planning. The Chief Ministers of 16 states demanded that not only there was need for a greater share for the States in taxes and in plan assistance, there was need for market loans as well as for the institutional finances.

In October 1990, the National Development Council introduced a new formula for determining the Central assistance to States, replacing the old Gadgil formula. K. Sanathanam had once remarked that National Development Council was like a ‘Super Cabinet’. He made this observation in view of the National Development Council comprising the members of the Union Cabinet and the Chief Ministers of the States. It was argued that the decisions of the National Development Council were generally adopted without any modification by the Union and the State Governments. Ashok Chanda had also observed that the overlapping of the Planning Commission, National Development Council and the Cabinet had distorted the Constitutional position.

It has also been observed that the meetings of the National Development Council bear an imprint of partisanship. The Chief
Ministers of States belonging to the party in power at the Centre generally toe the line of the Union Government and do not come out forth rightly on the shortcomings of the approach to and implementation of planning conversely, the Chief Ministers belonging to the opposition parties are generally critical of the draft plan designed by the Planning Commission reluctant to notice and record the positive side of the action taken by Central Government.

Many and varied are the criticisms leveled against the National Development Council, there are some who charged the National Development Council with usurping authority and functioning as a virtual super-cabinet. To appreciate the above criticism, it is necessary to know that the Council has neither the constitutional nor the statutory position; it is the creature of the Union Cabinet. It is listed as an advisory body to the Planning Commission and its recommendations are not binding on anyone. It is true that, in practice, the Council has become a high-ranking policy making body and its recommendations as usually accepted. This is due to the nature of its membership. The Council may well be said to be a summit conference of the chief executives of the states and the Centre; and it is no wonder if its decisions carry weight. “There is no harm if the Council sometimes functions as super-cabinet so long as it reaches decisions after full deliberations”. In fine, due to the status and stature of its membership and to the role it plays, the Council is
bound to gain more and more influence and prestige, and de facto authority.

There are, however, two possibilities of marrying the effectiveness of the Council. In the first place, the council may turn out to be a forum for the ventilation of grievances on the part of the spokesman of the states. Secondly, if and when the present one party character of all the States and Central Government changes. It is sure to have repercussions on the working of the Council. In case, however, the status of the National Development Council is transformed so as to make it a powerful and expanded constitutional authority, it will have a telling impact on the whole politico-administrative system. Until the desirability or otherwise of such a drastic structural redesigning is thrashed out, the need would persist of increasing the effectiveness of the role of the National Development Council as well as the Planning Commission.

**INTER-STATE COUNCIL**

The Constitution of India provides for a polity, which clearly defines spheres of authority between Union and the States to be exercised in the fields assigned to them. Consistent with this, the Constitution has made an elaborate distribution of powers between the Union and the States in the areas of legislative, administrative and financial powers. The subject of legislative power has, accordingly, been classified into three lists: Union list (List 1), State list (List2) and Concurrent List (List3) in the seventh schedule of the Constitution.
Residuary power of legislation has been vested in Parliament. The Union Government has, from time to time, taken steps to look into the contentious issues between the Centre and the States in the areas of distribution of powers\textsuperscript{13}.

The Union Government, constituted a Commission in 1988 under the chairmanship of Justice R.S. Sarkaria to review the working of the existing arrangements between the Union and the States. It is in pursuance of the recommendations of the Sarkaria Commission that the Government of India took a decision in May, 1990 to constitute the Inter State Council. Article 263 of the Constitution had already provided for such a Council to bring about co-ordination between States. It strengthens the partnership between the Union and the States which is the mainstay of our democratic polity as well as our Co-operative Federalism. The present composition of the Council is as follows:-

1. Prime Minister Chairman
2. Chief Minister of all States Members
3. Chief Minister of Union Territories having a legislative Assembly and administrators of Union Territories not having a legislative Assembly and Government of States under President’ rule

(Government’s rule in the case of Jammu and Kashmir)

4  Six Ministers of Cabinet rank in the Union Council of Members Ministers to be nominated by the Prime Minister

Four Ministers of the Cabinet rank as permanent Members invitees.

It is also important to note that other Ministers and Ministers of State having independent charge in the Union Government may be invited as permanent invitees, if so nominated by the Chairman of the Council, or as and when any item relating to a subject under their charge is to be discussed.

Composition:

Table 3.2  
Organisational Structure of Inter-State Council

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name</th>
<th>Designations and Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Chairman</strong></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Dr. Manmohan Singh</td>
<td>Prime Minister</td>
</tr>
<tr>
<td></td>
<td><strong>Members</strong></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Shri Pranab Mukherjee</td>
<td>Minister of Finance</td>
</tr>
<tr>
<td>3.</td>
<td>Shri Sharad Pawar</td>
<td>Minister of Agriculture and Minister of Consumer Affairs, Food and Public Distribution</td>
</tr>
<tr>
<td>4.</td>
<td>Shri P. Chidambaram</td>
<td>Minister of Home Affairs</td>
</tr>
</tbody>
</table>
5. Kumari Mamata Banerjee  
Minister of Railways  

6. Shri M.Veerappa Moily  
Minister of Law and Justice  

7. Shri Kamal Nath  
Minister of Road Transport and Highways

**Union Cabinet Ministers/Minister of State (Independent Charge as permanent invitees)**

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Ministry</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Shri Ghulam Nabi Azad</td>
<td>Minister of Health and Family Welfare</td>
</tr>
<tr>
<td>9.</td>
<td>Shri Sushil Kumar Shinde</td>
<td>Minister of Power</td>
</tr>
<tr>
<td>10.</td>
<td>Shri S. Jaipal Reddy</td>
<td>Minister of Urban Development</td>
</tr>
<tr>
<td>11.</td>
<td>Shri A. Raja</td>
<td>Minister of Communication and Information Technology</td>
</tr>
<tr>
<td>12.</td>
<td>Shri C.P. Joshi</td>
<td>Minister of Rural Development and Minister of Panchayati Raj</td>
</tr>
</tbody>
</table>


The Inter-State Council order of 1990 provides that the Council shall meet at least thrice a year. Its meetings are held in camera and ten members constitute the quorum. Decisions are taken by consensus and the Chairman’s opinion on it shall be final. There is also a provision for Secretariat of the Council.

**The Council Secretariat**

The Council Secretariat closely monitors the implementation of the recommendations made by the Inter-State Council and places the Action Taken Report before the Standing Committee / Council for consideration.  

The Council Secretariat has conducted a number of studies on public policy and governance issues.

(i) Compensation to resource bearing states in respect of minerals including coal, hydropower and petroleum and natural gas;

(ii) Sub-National Governance;

(iii) Creation of a common Indian market on agricultural goods and commodities;

(iv) National policy for urban street vendors.

The Council Secretariat has also taken steps in consultation with the Union Ministries/Departments and the State Governments to generate new issues for consideration of the council.

The framework arrangement between the Forum of Federations, Canada and the Government of India (Inter-State Council Secretariat) has been renewed for another period of 3 years with effect from 2008\(^\text{15}\). The objective of this arrangement is to create an international partnership that would support the forum and the partner government in improving governance and enhancing democracy by promoting dialogue on practices, principles and possibilities of federalism.

**Working Of Inter-State Council**

The First meeting of the Council held on 10\(^{th}\) October 1990 at New Delhi and the items on the agenda were: Report of the Sarkaria

Commission on Centre-State Relations, Levy of tax on Inter-State Consignment of goods, Transfer of additional excise duty on man-made fibres/yarn stage, the setting up of special Courts for speedy trial of economic offences under Narcotic Drugs Act.

In the second meeting of the Council held on 15 October, 1996, the Council decided to set up a Standing Committee for Inter-State Council. The Standing Committee of the Inter-State Council was constituted in the year 1996 for continuous consultation and processing of matters for the consideration of the Council. Union Home Minister is the Chairman of the Standing Committee and has five Union Ministers and nine Chief Ministers as members. The Standing Committee was last reconstituted on August 21, 2009.

The Standing Committee considers other public policy and governance issues, relating to

(a) Contract labour and contract appointments;
(b) Blueprint of an Action Plan or Good Governance;
(c) Disaster Management – Preparedness of states to cope with disasters;
(d) Atrocities on Scheduled Castes and Scheduled Tribes and status of implementation of the Scheduled Castes/Scheduled Tribes (Prevention of Atrocities) Act, 1989.

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**Guidelines for identifying the Selecting issues**

In pursuance of clause (a) of paragraph 5 of the Inter-State Council Order 1990, of the Council hereby adopts the following guidelines for identifying and selecting issues to be brought up before it, namely:

1. (i) An issue to be brought up before the Council should fall within the purview of the duties enjoined on the Council under clauses (a) and (b) or, as the case may be, clause (c) of paragraph 4.

(ii) If any question arises as to whether the issue does or does not fall within the purview of the duties of the Council, it shall be decided by the Chairman whose decision thereon shall be final.

2. Subject to the provisions of the said Order and the orders made there under, any issue relating to the following matters may be brought up before the Council, namely –

   (i) National appraisal of the measures taken to implement the Directive Principles of State Policy incorporated in Part IV of the Constitution.

   (ii) Any matter in the Union List, Concurrent List or the state list of the Constitution of India –

   (a) In respect of which, there exists a common interest as referred to in clause (a) of paragraph 4 of the said Order or a need for better coordination as referred to in clause (b) of the paragraph, or as the case may be, it is matter
of general interest as referred to in clause (c) of that paragraph, or

(b) In respect of which the adoption of an uniform policy in regard to legislation or executive action is desirable in the national interest.

(iii) Proposal for legislation by the Union or a State on any matter in the concurrent list, including amending legislation.

(iv) Cooperation and assistance by the state in the implementation of laws made by parliament and in the exercise of executive power of the Union in the State.

4. The following issues, as far as may be expedient, may not be brought up before the Council:

5. Any issue which can be resolved by discussion at the official level or at the level of ministers between the Central Government and the State Governments concerned.

6. Any issue which has to be considered or dealt with the National Development Council, the National integration Council, the Finance Commission, the Planning Commission or such other body or authority of a like nature as may be set up from time to time to deal with specific subjects relating to Centre-State relations.

7. Any issue which is currently under consideration or discussion in either house of parliament or which is sub-judice.
8. Any issue relating to a matter which, under the Constitution, is left for the decision of a specified authority other than the Central Government such as the Election Commission or the Supreme Court etc.

9. Any other issue the discussion of which may, in the opinion of the Chairman, create discord between the States or otherwise be against the interests of the Sovereignty or integrity of India, the security of the state, friendly relations with foreign State or Public Order.

10. Any issue which relates to the discharge of any duty or special responsibility of the union under the provisions of the constitution or any law of Parliament. Provided that if majority of the members of Inter-State Council propose the discussion of an issue or keeping in view the importance of a particular issue, it is considered desirable to do so, the Council may consider such an issue with the approval of the Chairman in terms of provisions of clause 4(c) of the Presidential Order dated the 28th May, 1990.

“N.B.- The sub-clause (i-iv) mentioned under Para 3 above are only illustrative and not comprehensive.”

Similar procedure will apply for the meetings of the Standing Committee.
Procedure for Conduct of Business of the Inter-State Council

In pursuance of clause (f) of paragraph 5 of the Inter-State Council Order, 1990, the Council hereby lays down, with the approval of the Central Government, the following other procedure to be observed by it in the conduct of its business, namely:

1. **Reference to the Council** – If any matter is sought up before the Council by the Central Government or by the Government of any State or Union territory, a formal shall be made to the Council, addressed to the Secretary of the Council, with a self-contained note setting out – the issue or issues involved and the reasons for making the reference, together with supporting documents, if any; and the constitutional and legal implications of the said issue or issues.

2. **Examination of Reference** – (a) On receipt of the reference, the secretariat of the Council shall examine it in all its aspects, inter-alia, with reference to the guidelines adopted by the Council and other relevant material. (b) After reference has been examined, the secretary of the Council shall submit the case to the Chairman with his recommendation for obtaining the orders of the Chairman as to whether the issue or issues raised therein should be included in the Agenda for the meetings of the Council.

3. **Inclusion of matters of general interest in the Agenda** – it shall be open to the secretariat to take up any proposal relating to a
matter of general interest as referred to in clause (c) of paragraph 4 of the aforesaid order and submit the same to the Chairman, for his orders as to its inclusion in the Agenda. If the Chairman Approves such inclusion, the procedure in relation to such matter will be the same as for references received under paragraph 1 above.

4. **Brief for the meeting** – if, under the orders of the Chairman, a matter is included in the Agenda for a meeting of the Council, the secretariat shall proceed to prepare a comprehensive Brief for the meeting which should include a note explaining the issues involved in the matter under reference, the historical or other background, the constitutional and legal implications, the views of various authorities, institutions and other consulted by the Secretary of the said matter.

5. **Meetings** - The meetings of the Council shall be held in Delhi or any other convenient place determined by the Chairman.

6. **Notice of Meetings** – Notice of every meeting shall be given to the Members at least ten days before the date of such meeting and such notice shall be accompanied by a copy of the Agenda and other papers required by the Chairman to be circulated.

7. **Attendance at Meetings** – The meetings of the Council shall be attended by its members. Others, including Officials, may attend the Council’s meeting only with the prior approval of the Chairman.
8. Agenda –

(a) The items of business to be transacted at any meeting of the Council shall be listed in an Agenda prepared with the approval of the Chairman.

(b) As far as possible the items of business shall be taken up for discussion in the order in which they are set out in the Agenda. No business, not included in the Agenda, shall be taken up at the meetings without the leave of the Chairman.

9. Discussion –

(a) When any item in the Agenda is taken up for discussion, the Chairman may initiate the discussion explaining the points involved or may request any Member concerned to do so and the chairman may fix time to the Members for presenting their views.

(b) The discussion on any matter before the Council should be confined to the specific issue involved and reading prepared speeches may be avoided.

10. Report on proceedings –

(a) The Secretary shall cause to be prepared a report of the proceedings of the Council at each of its meetings in such form and manner as the Chairman may, from time to time, direct.

(b) A copy of the record of the proceedings shall be forwarded as soon as possible to the Central Government, the Governments
of the States and Union territories together with a copy of the formal recommendations, if any, made by the Council.

11. **Record** – The record to be maintained by the Secretariat shall consist of:- the reference and all papers received under paragraph 1 for consideration of the matter; all papers considered by the Council, including minutes of meetings held by the Secretary with officers and other authorities referred to in clause (a) of paragraph 15; the final decision of the Council; reports, if any, regarding action on the recommendations of the Council.

12. **Press Briefing** – At the conclusion of a meeting, if the Chairman so directs, an appropriate press note may be released to the press on the proceedings of the Council.

13. **Follow-up action** – The secretary shall evolve a system of monitoring the action taken on the recommendations of the Council by the Central Government, the Government of any State or the Union territory concerned. He shall, at appropriate stages, cause information in this regard to be made available to the Council.

14. **Residuary** – All matters not provided for in this procedure and all questions relating to the conduct of the proceedings in the council shall be regulated in such manner as the Chairman may, from time to time, direct.
15. **Powers of the Secretary** – For facilitating the work of the Council, including the preparation of papers for it, the secretary of the Council shall have the power to:-

(a) Call for information or papers from, or hold discussions with the officers of the Central Government or, as the case may be, of any State Government or Union territory Administration or any other authorities or sources.

(b) Issue instructions from time to time as to the manner of preparing the references to or the brief for the consideration of the Council and for the proper functioning of the secretariat of the council.

Engage the services of institutions, experts or consultants on contract on such terms as may be approved by the Chairman.

In the ten meetings of the Inter State Council held so far, the Council has taken final view on all the 247 recommendations made by Sarkaria Commission on Centre-State Relations. Out of these 247 recommendations, 65 recommendations have not been accepted by the Council/ Administrative Ministries/ Departments concerned, 180 recommendations have been implemented and only 2 recommendations are at various stages of implementation. The Council-Secretariat is closely monitoring the implementation of the recommendations with the Union Ministries/ Departments concerned.

The other issues discussed in its meetings are: Article 356, Inter-State River Water Disputes, Greater Autonomy for States,
Centrally Sponsored Schemes, Devolution of Financial Powers to the States and Panchayati Raj, Governor’s Role, Consideration of the State Legislation reserved by Governors for the presidential assent, Resource Mobilization etc.

A survey of meetings of Inter State Council shows that during the last two decades since its establishment in 1990, there were only 11 meetings of the Council, which would appear rather surprising in view of the fact that this period has been one that witnessed a paradigm shift in Union-State Relations. On the other hand, the Inter State Council has so far concentrated only on the recommendations made by the Sarkaria Commission on the Centre-State Relations. In order to use this institution to further strengthen the principle of Cooperative Federalism, the task of the Council needs to be widened.

Besides these limitations one should not write off the Inter State Council. In the changing future context, its importance in the political system may indeed go up. For example, if the present trend of mushrooming of regional political parties gives way to a more structured set of federal political parties and the Federal Cabinet functions more as a representative of the Union Government rather than as an agglomeration of regional parties, the need for an Inter Governmental Forum like the Inter State Council may be acutely felt.

To conclude, the Inter-State Council has become an active forum for free and healthy discussions on issues that have a bearing on the Centre-State and Inter-State relations. Such Interaction
nurtures a strong federal spirit. It also protects the autonomy of the States without sacrificing national unity, integrity and constitutional imperatives. The Council has strengthened the bond of partnership between the Union and the States, which is the mainstay of our democratic polity and also main requirement for achieving India’s speedy, all-round development\textsuperscript{17}. The end of one-party rule at the Centre has inaugurated a process of harmonization of regional aspirations within an overarching national outlook.

In a coalition era, there is a need to strengthen the consensus and cooperation between Centre and the States. The dream of India being a strong, prosperous, progressive and self-confident Country can be realized only through a healthy partnership between strong Centre and the strong States. The Union Government is expected to provide the overall guidance to the Nation and the State Governments are expected to play an important role in supplementing the efforts of the Union Government in nation-building activities. The Inter-State Council has played a very important role in eliminating tensions between the Union and the States and building consensus model for the success of Federalism in India\textsuperscript{18}.

\textsuperscript{17} N.K. Singh, Address the State of the Union, \textit{Indian Express}, September 10, 2006.