Chapter Five
Chapter- 5

ROLE OF CONSTITUTIONAL AND NON-CONSTITUTIONAL AGENCIES IN UNION-STATE RELATIONS

Planning Commission and Union-States Relations

The Constitution Assembly recognized that there should be a fundamental changes in the social structure of Indian federation. India should became a welfare state, the general pattern of which was to be set -out in the Constitution. The welfare state should not only promote social and economic development on a much larger scale than hitherto envisaged with the widest measures of social justice possible, but should also preserve and strengthen the traditional valves based on human dignity, peace and tolerance. In April 1948, the Government of India issued a resolution on Industrial policy; it defines the immediate objective of national policy in these terms: the nation has now set-itself to establish a social order where justice and equity of opportunity shall be secured to all the people. The Immediate objective is to provide educational facilities and health services on a much wider scale, and to promote a rapid rise in standard of living of the people by exploiting, the latent resources of the country, increasing production and offering opportunities to all for employment in the service of the community. For this purpose careful planning and integrated effort over the whole field of National activity are necessary: and the Government of India proposes to establish a National Planning commission to formulate programmes of development and to secure their execution.\(^\text{216}\)

The most important step taken by the Government of India was the appointment of the fiscal Commission in April 1948. It was to recommend the future policy to adopt in regard to protection and assistance to industries and the machinery to implement such policy. The commission submitted its report in April 1950. On the basis of the pattern of society envisaged in the constitution, the commission made proposal for

coordinated and balanced development of all sectors of the country. The rationalization of Agriculture and Industrial advancement are in reality parts of single programme.\textsuperscript{217}

The Constitution was enacted on 26 January 1950 followed as a logical sequence. The newly established Planning Commission was called upon to formulate programmes of development on socialist principles. Further, the National development council was set up in August 1952 to strengthen and mobilize the efforts and resources of the Nation in support of the five year Plans and to promote economic policies in all vital spheres and to ensure the balanced and rapid development of all parts of the Country. The Planning Commission works in accordance to the broad guidelines indication by the NDC. The Finance minister in his budget speech on 28 February, 1950 announced the Government’s discussion to set-up a Planning Commission with the passing of the cabinet resolution of 15 March 1950 the Planning commission was constituted. The only major departure from recommendations of the Advisory Planning board is in respect of the character and status of the Planning Commission, which is much high powered and more political body than one envisaged by the board.

The Prime Minister of India has been from the beginning the Chairman of the Planning Commission has participated in given direction to the thinking on all major issues of policy. The Commission has deputy Chairman and number of full time members\textsuperscript{218} the minister for planning for planning is usually the Deputy Chairman of Planning Commission. The members include political and non political persons, from the political side the union ministers holding charge of important subjects like Finance, Industry, Energy, Agriculture, human resources, law and justice are members of the Planning Commission. The non political persons are usually eminent persons from social and technical fields.\textsuperscript{219}

\textsuperscript{217} Ibid. PP.45-46.
\textsuperscript{218} Government of India, \textit{Commission on Centre States Relations}, Delhi, pp.363
\textsuperscript{219} Mary Parmer ,\textit{Development Planning in India} , Reliance Publication , New Delhi ,1992, pp.36
The Planning Commission has numbers of advisers who perform a very important role. The advisors help the Commission in keeping close touch with progress of Planning and its implementation in states. Each advisor (state plan) has a group of states/UTs allotted to him and help in maintaining close liaison between central Government and the States /UTs. These advisers tour the states from time to time and are an active link between the Planning Commission and states Governments. These advisors also head the various divisions of the Planning commission. All the divisions in the Planning Commission may be grouped into three types of the divisions and subjects divisions.220

**Functions of Planning Commission:** The following were the task assigned to the Planning Commission vide Government of Indian cabinet resolution dated 15March 1950;

- make an assessment of the material capital and human resources of the Country, including technical personnel and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation’s requirements;
- Formulate a plan for most effective and balanced utilization of the country’s resource.
- On a determination of priorities define the stages in which the plan should be carried out and propose the allocation of resources for due completion of each stage.

The Planning Commission collects the data of nation product national consumption availability of resource, national investment and saving for the future plan and it prepares micro and macro plans keeping in view their allocation arrangements. Thereafter these plans along with the data are sent to the National Development Council(NDC)221. The NDC again sends it back to the Planning Commission with or without any amendment. On this basic the

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5. Planning Commission, Internal work study unit, 1998, pp.7-15
221. Nafees Ahmad Ansari and Shamshad Ahmad, “Planning Commission :Fifty five years of Planed Development and Social Sector”, Indian Journal Public Administration, Indian Institute of Public Administration, New Delhi, July –Sep, 2005, p.468
Ministers of Centre and the States Governments asked to prepare their projects. The Planning Commission obtains suggestions from the panel of experts operating in various sectors. On this basic of the requisites of the plan obtained from the different ministers and the opinion of the different specialists, the Planning Commission prepares a draft memorandum of the plan, in which all policies and important details of the plan are laid down. This draft memorandum is sent to the central cabinet for discussion. After assessment the central cabinet sends it to the NDC along with its suggestions. The Planning Commission prepares a draft outline of the objectives and programmes of the Plans, keeping in view the draft memorandum and the suggestions given by the cabinet and NDC. This outline is sent to various States Governments and Central ministries. It is published after receiving acceptance from the NDC. This published format along with reactions and suggestions of the experts is again sent to Cabinet and NDC. The approved format is laid down in its final form, which is presented to the Lok Sabha for discussion. After getting it ratified by the Parliament, the government implements the Plans.

The Gadgil Formula: The Planning Commission was tamed by a formula to make its decisions more objective and easier to follow the Gadgil formula amended several times as a result of the continuing power of development projects remained highly visible in the phenomenon of the centrally sponsored schemes. This formula was adopted by the National Development Council (NDC) was called the “Gadgil Formula” after Dr. Gadgil at the at the time 1968 Deputy chairman of the Planning Commission. The original Gadgil formula was left unchanged until 1980 and used following weights in the horizontal distribution of the Planning Commission ‘s transfers over the various states 60 percent on the basis of population; 10 percent on the basis of states per capita income to be distributed among the state’s whose per capita income was below the National average 10 percent on the basis of tax effort 10 percent in

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222 Ibid.
proportion to commitments in respect of major continuing irrigation and power projects and 10 percent to assist states in tackling certain special problems, such as those relating to metropolitan areas floods, droughts and tribal areas.

The Gadgil formula was of great interest to the states, because of its importance it was constantly under strain and modified repeatedly. The objectives of equality and “progressiveness” led, right from the beginning to special treatment of the special categories states mainly in the North East. The received more aid per person. Since the beginning of the Fourth Plan, coinciding with the creation of the Gadgil formula all normal States got 70 percent of Plan assistance as loans and 30 percent as grants while in the special category States, these percentage were 10 and 90 percent respectively.224 The distributive task of Planning Commission amounted to much more than applied Mathematics, even after the introduction of the Gadgil formula. The apparently simple population criterion was first subject of discussion. In 1977 the “Emergency” ended, and with it Sanjay Gandhi’s sterilization campaigns. But the inspired by the family planning programme of that year it was decided to keep using the population figures of the 1971 census.225 The year 1980 saw important party politics changes. The planning Commission worked with the modification Gadgil Formula. The modification included the matching by the centre of assistance for foreign aided projects of greater political importance was the additional efforts to promote inter state equity. More precision was given to the use of the amount set aside for the non–normal states.

In 1989 the political situation passed another watershed. The Congress – I lost power at the centre and V.P. Singh became prime minister as the head of the National Front coalition. As we say the Congress – I was its highhandedness vis-à-vis the state government in every respect.226

The Prime Minister Chandra Shekhar, appointed a new planning commission in 1990 under the Deputy chairmanship of Mohan Dharia. This

224 Economic Political Weekly 20-27/10/1990 pp.2343
225 Economic and Political Weekly -2/09/91 pp-502
226 Ibid - 180
Commission was obviously as short lived as the Union Government that appointed it. The new Congress-I Government led by P.V. Narasimha Rao appointed a planning commission in 1991 with as Deputy chairman Pranab Mukherjee, an old congress hand and former Finance Minister, who was to become commerce minister and get other cabinet post after 1993. 227

According to the then Prime Minister and Chairman of the 8th Planning Commission, Mr. P.V. Narsimha Rao, the fundamental objective of the Eighth Plan was the human development in various aspects. To achieve this fundamental objective the following priorities were given in the plan: 228 to create sufficient employment opportunities so as to achieve the goal of full employment by the end of century to impose restriction on population explosion by seeking people’s co-operation and by adopting the measures of encouragement and dejection, to pervade the primary education so as to illiteracy among the people of ages between 15-35 years, to make provisions for primary health facilities along with drinking water and vaccination in all the villages to cover entire population and complete eliminate of scavenging, growth and diversification of agricultural activities to achieve self sufficiency in food and to generate exportable surplus creation of appropriate organization and delivery system to ensure that the benefits of investment in the social sectors reach the intended beneficiaries, to strengthen the basic infrastructure (energy, transport, communication, irrigation) in order to support the development process on a sustainable basis.

The Ninth five year Plan begins on April 1, 1997 with accepted fact that the removal of the problem of unemployment is essential in accelerating the pace of economic development. The following were the main objectives of ninth five year plan:

To create sufficient productive employment and given priority to the development of agriculture and villages for eradicating poverty, to accelerate the

pace of economic development by keeping the prices stable and under control, to ensure provision of food and nourishment to all and especially to the weaker sections of the society, to provide the basic minimum services like clean drinking water, primary health care facility, universal primary education and housing and also to ensure their availability, to control the population growth rate, to ensure environmental balance by adopting the social understanding measures to seek people’s participation at all the levels, to provide strength to the women and socially weaker section scheduled castes, schedule tribes and other backward castes and minorities so as to activate them as agent of economic development and social changes, to encourage and develop the mass participation institutions like Panchayati Raj institutions, cooperatives and voluntary sections to strengthen the efforts of attaining self sufficiency, to lay stress on the need for regulating the debt programmes for improving the Government’s financial position at all levels, to prepare long term policies for reducing the losses in revenue accounts if the Union Government and the State Governments to ensure the health and optimum utilization of existing public assets stable foreign trade policies for export promotion, to make quantitative and qualitative improvements in infrastructural sector, to recognize the problems originating from urbanization and take measures for their eradication to remove the environmental imbalances.  

The Tenth five year plan document symbolizes the wide spread disbelief as its forecast of growth rate of 8 percent through the period (2002-07). The inaccessibility of this mammoth task becomes too apparent when we see the planning commission’s assumptions regarding the means to achieve the required growth. The center’s budgetary support to the plan has been estimated at Rs. 7, 06, 6000 crore. That in turn depends on the achievement of following –

The Tenth five year plan also identified following specific and monitor able targets for purpose –

- Reduction of poverty ratio by five percentage point by 2007 and 15 percent by 2012.

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➢ Reduction in the decadal rate of population growth between 2001 and 2011 to 16.2 percent.
➢ Providing gainful and high quality employment.
➢ All children in School by 2003 and all children in complete five years of schooling by 2007.
➢ Reduction in gender gaps in literacy and wage rate by 50 percent, literacy rate to increase from 65 percent in 1999-2000 to 75 percent in 2007.
➢ Providing potable drinking water in all villages with in the plan period.
➢ Reduction of infant mortality rate by 45 per 1000 live births by 2007 and 28 by 2012.
➢ Increasing forest/tree cover from 10% in 1999-2000 to 25% in 2007 and 33% by 2012.
➢ Creation of 50 million jobs in five years one crore jobs a year.
➢ Cleaning of all major populated rivers by 2007 and other notified stretches by 2012.

Eleventh Plan

The XIth Plan assumes a rise in the Gross Budgetary Support (GBS) by an additional 2.5% of GDP over the Tenth Plan at the daunting requirements of financing in Looking several sectors. This of course raises the issue of adhering to the FRBM targets. However, prudent fiscal management must be mindful of the quality of expenditure in capital creating assets, strengthening infrastructure and in social sector, particularly health and education. Planning Commission's recommendation for sufficient flexibility in fiscal management arising from FRBM Act in the Centre and the State, deserves serious consideration. States have also been boxed in by FRBM targets and at least for those States which have endemic growth backwardness, the rigour of fiscal rectitude must be

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230. *Tenth Five Year Plan, Government of India.*
pursued in a broader development context. Incidentally, we also favour a reclassification of accounts - elimination of revenue targets if education and health expenses are reckoned as part of revenue deficit needs a second look. The Prime Minister may consider constituting a Task Force on Re-classification of Expenditure and Accounts as a part of this process.

Those States in the country which are energy deficient or do not have minerals and raw materials, either historically or through acts of partition, need Special Treatment. These natural resources and minerals, including coal, deficient States should be assigned mining blocks, not mere coal linkages, to meet their energy deficiency. Similarly, land-locked States must be incentivized to develop Joint Ports with States which have a long coastline as a tri-lateral cooperation between the Centre and the two participating States. State boundaries are acts of administrative convenience and cannot override the need for balanced regional and more equitable development. On the Power sector, while the thrust on distribution efficiency is critical, the APDRP scheme has been boxed with various inflexibilities and needs to be restructured to encourage rural electricity network and incentivise franchising arrangements. On social sector, particularly education, the plan rightly recognizes this as central in any strategy to reap demographic dividends. However, mere reliance on a 2% cess with no time limit to raise public spending to 6% of GDP, which is a critical component of NCMP is unacceptable. We hope this would be rectified quickly and funds earmarked for the full implementation of SSA as well as expanding facilities for Secondary Education and to create Secondary Vocational Centres to meet the daunting challenges posed by countries like China. In Higher Education, the plan has correctly recognised the regional divide where 60% of these and R&D institutions are located in just six to eight States. This requires a basic correction and we hope that a correction strategy would be articulated before the XIth plan is launched. Finally, the issue of regional divides and backward areas. We appreciate the National Employment Guarantee Scheme, Serve Siksha Abhiyan, Backward Area Fund as well as the Sam Vikas Yojana. However, for a State like Bihar which is at the bottom of the development pyramid for reasons I need not explain, the present measures are grossly
inadequate. A Special and Differential dispensation including a revised formula for devolution beyond the recommendations of the XIIth Finance Commission for demographically large and developmentally weak States requires serious consideration. While governance is crucial, in States where people have voted for a developmental centric approach the people must see tangible outcomes which validate their electoral preference in a tangible time frame. This requires an innovative approach and dispensation.

In conclusion, subject to the observations made above, we support the XIth Plan. Centre-State relations are in a new evolutionary phase. The benefits of liberalisation resulting in higher growth have not benefited all States equally. While competitive federalism is understandable, the mismatch in electoral cycles invariably leads to competitive populism. Improved mechanism for dialogue on Centre-State relationship is necessary. A meeting of the NDC to approve the Plan or Mid-Term Appraisal is no substitute for a more meaningful mechanism of the wider gamut of Centre-State relations. The Inter-State Council has failed to serve its purpose and has fallen into disuse. We need to learn from best international experience. There is need for a fresh approach on mechanisms for a dialogue on Centre-State relations. This is an inescapable reality.

**Centrally Sponsored Schemes:** The Gadgil formula was devised to bring more objectivity and predictability into the allocation of central aid to the state plans, a need which had been felt for many years but which was becoming more difficult to resist because of Party political developments. “With the introduction of the Gadgil formula from the Fourth plan onwards, plan assistance has certainly become considerably less discretionary and more automatic”. The later changes in the formula had many political elements, but they certainly decreased the possibility of arbitrariness. Decisions on centrally sponsored schemes were taken independently of the Gadgil formula in its successive incarnations. Arbitrariness grew with the increasing political complexity in the Congress and the states. The centralizing policies of Indira and Rajiv Gandhi were clearly seen, with in their wake the growing power of the central bureaucracy, and all its side-effects. The limitations money-wise or subject wise

\[^{231}\text{Arie- De Ruijter, Op. cit-page, 185.}\]
never really observed. The situation became, simply, that. “Empirically the only definitions of centrally sponsored schemes are those for which assistance is given over and above the assistance assured for the state plan as a whole “. The schemes relate to subjects in the state list, Union list and concurrent list of schedule VII and are “sometimes converted from state plan schemes to centrally sponsored schemes with no interest other than the obvious one of getting the state better financial assistance.

The Sarkaria Commission commented at several places on the strains between centre and states resulting from situations like this. It mentioned that so far as the centrally sponsored schemes are concerned since 1977, the union ministries have themselves been releasing the amounts. The implementations for the degree of central ‘meddling’ are obvious. It also noted that the system of earmarking the use of central assistance. Even apart from the centrally sponsored schemes, tied up, on average, about two – third of the state plan outlay. It is also observed that central assistance is not merely a source of plan finance to the states as it has also been used as an instrument to sustain plan priorities. These plan priorities were clearly center’s priorities.

The Narasimha Rao Committee: The Sarkaria Commission managed to note “That in November 1985 the National Development Council Constituted a Committee to review the various aspects of centrally sponsored schemes”. Chaired by Narasimha Rao. Its Report originally scheduled for October 1986 was released “for official use only” in January 1988. The appointment of the committee took place at the beginning of Rajiv Gandhi’s Primeministership, the period in which the “sympathy vote “had given him great power. Nevertheless or may be just because of this the opposition parties were represented in the committee. All the infighting powers were there. The Composition of the committee was seen as reflecting the mood of the very first Rajiv year.

The discussions in Narasimha Rao Committee were remarkable for the absence of any discussion on the important principle of timely consultation of

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Report of the committee on centrally sponsored schemes, planning commission ,New Delhi, January 1988
the states. The politicians in the committee apparently preferred to put their teeth into what they saw as the real “meat” of the matter, not procedures and criteria, but the financial side. The discussions centered around the matters of putting a ceiling on the amount available for centrally sponsored schemes and of transfer of centrally sponsored schemes to the states. While the preparing officials concluded that it would not be practical to lay down any ceiling the opposition chief ministers’ views were quite to the contrary.

Thus, the Planning Commission looks India’s system of economic and Industrial planning was meant to embody the ideals and predilections of its first leaders in particular those of Jawaharlal Nehru. Remarkably it was not as such mentioned in the constitution which was drawn up by the same group of people. It could only become as essential part of the Indian polity by stretching to the limit the interpretation of Article 282 and the center’s use of its legislative list. The planning system and Planning Commission, including their position in relation to the Finance Commission, was the subject of legal discussions from the start. For many years these had little practical effect. The Planning Commission remained a powerful and increasingly politicized body.

**Inter-State Council:** In India, an inter governmental agency was clearly recognized by the Government of India Act 1935 as well as in the 1950 constitution of India. Ironically, despite the existence of constitutional provision. For such an inter governmental agency, it was not used by the India political elite immediately after the promulgation of the constitution. The Nehru Government that first set up a National Development Council (NDC) in 1952. A constitutionally entrenched Inter – state council was first used by the National front Government headed by V.P.Singh in 1990.

**Origin:** Article 246 of the draft Constitution addressed to the problem of co-ordination between states. It was adopted without any debate or amendment and finally became Article 263 in the Constitution. The apparent consensus about this Article that provided for settings up of the Inter–state council for inter–governmental co-ordination, if the President considered it in “the public
interest,” was probably facilitated by the existence of a similar provision in the government of India Act 1935. The Act 1935 of the constitution of an Inter-State Provincial Council.233

Article 263 provides that “if at any time it appears to the president that the public interest would be served by the establishment a council charged with the duty of –

- inquiring into and advising upon dispute which may have arisen between states;
- Investigating and discussing subjects in which some or all of the States, or the Union and one or more of the states, have a common interest.
- Making recommendations upon any such subject and in particular, recommendation for the better co-ordination of policy and action with respect to that subject it shall be lawful for the president by order to establish such council and to define the nature of the duties to be performed by it and its organization and procedure.

The Administrative Reforms commission (ARC) set up in 1967 was aware of informal and ad-hoc conference on labour ministers, Food Ministers, Chief Ministers, Finance Ministers etc; which were meant to co-ordinate the policies of the central and state governments relating to these areas. Out they were not held regularly and the agenda was also prepared by concerned Union-ministry unilaterally. The ARC considered these conferences to inadequate for the resolving inter-state conflict and also for consideration national and state policies. It therefore recommended the creation of ISC as a standing body to achieve policy co-ordination234. The study team of ARC described—“The need here is for a single, standing body to which all issues of National importance can be referred and which can advise on them authoritatively after taking all aspects of the problem into account. The advantage of a single body is that every

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234 The National Herald, New Delhi, 8 January, 1990.
problem can be viewed by it in the perspective of the whole. This integrated look, necessary in fashioning basic policies of National importance, is missing in the dispersed system operative at present. The body should be standing one and should meet at regular intervals that all participants, can make effective use of the forum. Shout comings in the conferencing procedures could them be eradicated because with standing body meeting at prescribed intervals adequate supporting machinery would have to be devised. The body must be so organized that both Union and States find it feasible to refer issue exercising them, to it, representation on it naturally has to be at the highest level, for at that level alone can issues be pronounced upon after taking comprehensive and unsegmented view. The Rajammanar Committee setup by the DMK Government of Tamil Nadu in 1969 also recommended the salting up of an Inter – state council comprising “the Chief – Ministers or their nominees, all the states having equal representation, with Prime Ministers as the Chairman. No other – minister of the Union Cabinet should be a member of the Council.”235 The ARC’S study teams however suggested that it should be composed of the Prime Minister, Union Ministers for Finance, Home , Labour, Food, “any other subjects in the state and concussing lists,” chief ministers “ or their nominees “ and invitees. The ARC suggested the Prime Minister, the Finance and Home Ministers and representative of each of the Zonal Council236. Both ARC and Rajmannar Committee recommended the setting up of the ISC but differed regarding their composition and functions. The ARC suggested a composition that ensured a balanced representation of both the Center – and States where as the Rajmannar committee wanted the dominance of the states in the council by excluding the Central Ministers other than the Prime Minister. Like wise, the ARC wanted an advisory rote for this council in settling inter – state conflicts. The Raj Mannar Committee wanted it to have important legislative and executive powers. The Committee intended to transfer some of the power at that time exercised by the

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235 Report of the center- state relations inquiry committee, Govt. of Tamil Nadu, 1971.
236 Indian Express, New Delhi, 9 May 1990.
Center to the council, which under the recommended compassion would be dominated by the State Chief Ministers\textsuperscript{237}.

Sarkaria Commission in its report also suggested that permanent Inter – State Council should be set-up under Article- 263 of the constitution. It should be change with the duties set – out in clause (b) and (c) of Article 263 other than socio – economic planning and development. The council will involve guidelines to be identification and selection of issues to be brought before it and ensues that only such matters of national importance relating to subjects of common interest are brought up before it.

Regarding the organization of Inter- State Council, the council will consist of General Body assisted by a smaller standing committee. The General body will consist of Prime Minister, All chief minister, all Union Cabinet Ministers or all Union ministers dealing with subjects of common interest to the Union and States. The standing committee will consist of prime minister, six chief ministers one from each Zone selected manually and six Union Cabinet Ministers to be nominated by the Prime Minister. The General Body of the ISC will meet at least twice a year and the standing committee should meet at least four times in a year. Every meeting of the General Body will be had in camera and its proceedings will be conducted as in the Union Cabinet meetings. Practice and procedures laid down for cabinet meeting may be followed by the referred to the General body will first be discussed in the standing committee. Normally, such matters only as are referred by the standing committee will be taken up discussion by the General Body. All other matters will be normally considered and disposed of at the lavied of standing committee. The IGC and its standing committee should be able to set – up and ad- hoc Sub-Committee to investigates special matters. Procedure adopted for standing committee will be the same as for cabinet sub- committee meetings. And that there should be permanent secretariat to the council.

The Constitution thus enables the Government to introduce such a mechanism of Consultation and co-operation as and when the need dries to facilitate presumably the smooth working of the system as a whole. Since the Constitution does not make it mandatory for the Government to set-up such council, successive Government at the center avoided it in the ground that the need had not arisen.

The Phase of 1990 was the phase of multi-party coalition Governments. The regional parties had started to play a prominent role, these region parties challenged to the highly centralized system. Under these conditions the National front Government of V.P Singh in which regional parties were significant partners realized the need for setting up of the interstate council which it did in 1990.

The National Front become a staunch supporter of the Council was partly due to the initiative taken by the opposition parties and non-congress Government during. Indira Gandhi and Rajiv’s Premierships, the states had grievances against the center’s arbitrary way of dealing with them for imposing President’s rule on unconstitutional ground. They also complained about the discriminatory treatment of the non Congress Government in the appointment of Governors, Judges, and other offices for which the center had the ultimate authority this authority was not intended to override the federal character of the constitution.238 The State’s autonomy had been infringed in the vital areas due to the center’s move to declare most industries, mines and other assets of the states as of National importance and to claim exclusive authority for the exercise of legislative and administrative authority over them. The States had brought these matters in the periodic representation to the center and also in their memoranda to the Sarkaria Commission. Chief Minister like Ram Krishna Hegde and N.T Rama Rao promoted the idea of greater co-ordination among non-Congress (I) states besides stressing the need for a constitutional provision enabling the center and states to resolve their differences. They were concerned about the center is

238 *The Statesman*, New Delhi, 1 July 1990.
hostile attitude. Jyoti Basu said a decade ago "the unity of our Country has been subjected to considerable strain during the last few five years. This has been coursed mostly by an over bearing and if I may add, obsessive preoccupation on the post of those who were in authority at the center to concentrate all powers and responsibilities in their hands”. These thoughts because stronger over the year making the non – congress state to collectively search for safeguards to protect themselves against encroachment by the center. The idea of an ISC was thus an inevitable by product of the states, new thinking. V.P. Singh on January 1990 wrote to the chief ministers of all states and the Lt. Governor of the Union Territories asking them for their view on the recommendation of the Sarkaria commission to set – up its composition, duties and procedures. His letter reiterated his government’s commitment to set – up an ISC in its election manifesto. The government also formed a Cabinet Committee consisting of the Home minister Mufti Mohammad Sayeed, Finance minister, Madhu Dandavate, information and broad casting minister P. upendra and Deputy chairman of planning commission, Ramksishna Hegde to consider the recommendations of the Sarkaria commission.

**Working of Inter–State Council**

The Inter State Council was finally setup by a presidential order noticed on 28May 1990. It said that “there shall be an Inter – State council consisting of the all states, chief ministers of union territories having a legislative Assembly and Administrators of union territories not having legislative Assembly and. Six minister of cabinet sank in the union council of ministers to be nominated by the Prime Minister other ministers and minister of state having independent charge may also be invited when any item seated to subject under there charge is to be discussed. The prime minister shall preside over its meetings. In his absence, he may nominated any Union – Minister over the meetings the council shall be recommendatory body in that capacity, shall perform the following duties-

240 The Hindu, 14 January 1990.
Investigating and discussing subjects in which some or all of the states or the union and one or more of the states have a common interest, as may be brought up before it.

Making recommendations upon any such subject and in particular recommendations for the better coordination of policy and action with respect to that subject.

Deliberating upon such other matters of general interest to the states as may be refaced by the chairman of the council.241

The procedure to be followed in the conduit of its business shall be as follows:

- The council shall adopt guidelines for identifying and selecting issues to be brought up before it.
- It shall be meet least thrice in every year and at such time and place as the Chairman may appoint in this behalf.
- The meeting shall be held in camera.
- The members and chairman shall form the quorum for a meeting of the council.
- All questions shall be decided by consensus and the decision of the chairman as to consensus shall be final.
- In the conduct of its business, the council shall observe such other procedure as it may with the approval of the Central Government lay down from time to time.

Second Meeting of ISC was held on 15 October 1996. The second meeting of ISC recommended that there should be a standing committee of the council for continuous consultation and processing of matter for consideration of council. Matter of Home affair in a notification said that the standing committee would comprise minister of Home; Finance Industry, Defense, Human resources and Development beside the chief ministers of Orissa Rajasthan West Bengal, Andhra Pradesh, standing committee would be to-

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➢ Have continuous consultation and process matter for consideration of council.
➢ Review and update the recommendations of Sarkaria commission specially the vital question of devolution of financial powers from central government to state governments.
➢ Examine the changes required in Article 356 of the constitution.
➢ Considered the current views of the state governments on 179 recommendations on which there was consensus in the sub – committee and also the 12 time on which there was no consensus;
➢ Process all matters pertaining to Center – State relations before they are taken up for consideration in the Inter – State council.
➢ Monitor the implementation of decisions taken on the recommendations of the council.
➢ Consider any other matter referred to it by the Chairman of council.

The standing committee would submit its report on items (2) and (3) mentioned above within three months. It may also invite, if necessary experts and persons eminent in specific field to have the benefit of their views while deliberating upon the related subjects.242 According to the recommendations of the Sarkaria commission set up an ad -hoc committees to investigate special matters, the Inter – State council’s standing committee in its meeting held on 9 December 1998 approved a Sub – Committee to be set – up under the convener ship of the union Defense Minister to disuses and reach a consensus regarding amendment in Article 356 of the held in the earlier meetings of the standing committee, the Inter Sate council and the judgment of the Apex corset in Bommai case.243 In its 22 January 1999 Meeting, the ISC approved a set of amendments to the guidelines of 28 May 1990 with regard to identifying issues to be brought before the council this amendment provides relatively a more open procedure for identification of issues to be brought before the council.

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previously, it was the chairman which means the Prime Minister who was authorized to refer any issue to be disused by the council. Now any member or Chief Minister may aside any issue of concern to them in the council, but the chairman has to authority to decide we thee a matter falls within the purview of the duties of the council. The chairman decision in this regard is final.

National Development Council

(a) Background- It was as early as in 1947 when the interim Government set-up the advisory planning boards, under the Chairmanship of K.C Niyogi that had pointed out the desirability of a consultative body representing the provided the princely states. And some other inters to advise the Planning Commission, consequently, the N.D.C come into being with the object of ensuring in uniformity of approach and unanimity in its working. The planning commission in draft outline of the first five year plan also suggested that “In a country of size of India where the state have, under the constitution, full autonomy within their own sphere of duties in its necessary to have a forum such as National Development Council at which from time to time, the Prime Minister of India and the Chief Minister & of clates can review the working of plan and its various aspects. NDC was thus set up in August 1952 “ to strengthen an mobilize the effort and resources of the nation in support of the five year plans, to promote common economic policies in all vital spheres and ensure the balanced and rapid development of all parts of the country. The council was assigned the following functions.

➢ To review the working of the National plan from time to time.

➢ To consider important questions of social and economic policy affecting national development.

➢ To recommend measures for the achievement of aims and targets set out in the National Plan, including measures to secure the active participation

\[\text{\textsuperscript{244}}\text{S. R. Sen, planning machinery in India , Indian journal of public Administration Vol.VII, No.3July, September 1961, Indian Institute of Public Administration, New Delhi,P. 333.}\]

\[\text{\textsuperscript{245}}\text{Government of India, planning commission Draft out line First five year plan, New Delhi, P-253.}\]
and co-operation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and section of the community and, through sacrifice borne equally by all citizens, build up resources for national Development.²⁴⁶

The study team of ARC in its Interim Report observed that in future set-up of planning in the country, the NDC would have to play a much more effective role. It pointed out – that in the emerging political situation in the country, the NDC had to be developed as the most important instrument for ensuring all India support for national plan. As the supreme political body giving guidance to the formulation of the plan the council would have to operate more continuously and its working- would have to be more systematized that in past.²⁴⁷ The ARC supported this, and recommended that the NDC should be reconstituted to include the Prime Minister, the Deputy Prime Minister, to ministers of the central cabinet in charge of major ministers, the Chief Minister of all the state and the members of the planning commission. The ARC also favored redefinition of the functions of the NDC. The most important change suggested, was that the NDC would be specifically required to prescribe guidelines for the formulation of national plan.²⁴⁸

The Government considered the recommendations of the commission and decided to reconstitute the NDC and redefine its functions. To this effect a Resolution was issued on the 7 October 1969, the revised functions of NDC were-

- To prescribe guidelines for the formulation of the National Plan, including the assessment of resources for the plan;
- To reconsidered the national plan as formulated by the Planning Commission.

²⁴⁶ NDC, cabinet secretariat Resolution, 6 August, 1952.
²⁴⁸ Ibid.
➢ To consider important questions of social and economic policy affecting National Development.
➢ To review the working of the plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the National Plan.

The NDC would now comprise the Prime Minister, all Union Ministers of all state and Union territories and the members of the Planning Commission, Delhi Administration was represented in the council by the Lt. Governor and Chief Executive Councilor, and the remaining Union territories by their respective Administrators. It also provided that other Union Ministers could also be invited to participate in the deliberations of the Council. The Secretary to the NDC and the Planning Commission would provide Administrative and other assistance for the working of the council.²⁴⁹ It also required that the council would meet “as often as may be necessary and at least twice in each year.

The study Team of ARC also found that measure of consultation and examination of issues by the council was “inadequate,” because aspects of perspective planning and possible alternatives were not placed before the council in sufficient detail. Its shortcomings in its conferencing procedures, Viz, short duration of meetings delays in the calculation of agenda – papers, use of the council as – “a forum for the ventilation of individual grievances rather than for collective discussion of principles and polity etc. It suggested a more systematic and in depth involvement of the council in all basic questions of planning policy, particularly those pertaining to goals and objectives, alternative frame works, strategy and crucial sectors and the council should help massive at a national consensus. It should be assisted by a standing Advisors from each state, the central ministers concerned and the Planning Commission.²⁵⁰

²⁴⁹ National Development Council’s Cabinet Secretarial Resolution No- 65/ 15/CF-67 Date 07 October 1967
Sarkaria Commission on Union States Relation also highlighted some deficiencies in the council: -

- NDC Meets only at the initiative of Planning Commission which determines its agenda;
- The Council has been approving the approach paper and the Draft plan but not keeping track of progress of the plan. For instance. The consideration of other policy questions affecting national development which one of its stated functions has been infrequent and in sufficient.
- The frequent and duration of its meetings are very inadequate;
- The Planning commission does not always put before the council alternative set of perspective strategies and targets along with the assumptions made to enable it to decide among the choices available;
- The conferencing procedure consists of set speeches made by Chief Ministers with very little of mutual discussion;
- The summing up of deliberations after does not reflect the variety of views.
- The time given to states for crystallizing their views is often insufficient.
- And
- The standing committees and special committees are not formed or convened on a regular basis for in-depth analysis and consideration of issues.

Due to fore going seasons, the NDC was perceived a forum efficient both in effective participation and systematize deliberation of alternatives. As a policy making body it was not able to guide the PC as also failed to do critical appraisal of the implementation of plans and policies. This state of affairs led to some rethinking about the reorganization of NDC. It was suggested that status would improve the functioning of this body. The reappraisal suggested, among other things, the following.

- NDC should exercise greater control over the planning commission and have a sound determining the composition of planning commission as
Some were in support of representation of experts of this body
However, a view had been expressed that the experts should be on the
planning commission and the role of the NDC should be political
decision-making and laying down national guideline on planning.

- Some were of the view that NDC should express its opinion on all
  matters of National Development and may be actively involved in
  evolving policies of industrial development trade and commerce prices
  etc.

- On State Government even suggested for preparation of the Plans, and
  approach to the five-year Plans, and the quantum and allocation of
  Central Assistance for State plans.

The Sarkaria Commission finally made the following recommendations-

- The NDC should be made to function more effectively and emerge as the
  highest political laced of Inter-Governmental body for giving a direction
  and thrust to planned development of the country. Being the supreme
  inter governmental body for all matters related to socio-economic
  development it is necessary that NDC should be renamed and
  reconstituted as National Economic Development Council (NEDC) by
  president order the provision of Article 263 so as to have moorings in the
  constitution;

- NEDC should be involved in the formulation of the plans right from the
  beginning. Selection of studio and setting up of various working groups
  should be done under the guidance of the standing committee of the
  NEDC.

- The Draft Approach paper containing all solvent date and alternate
  strategies should be circulated to the states at least two months in advance
  of the meetings of the NEDC to consider the same.

- A preparatory meeting should be held by the Planning Commission, with
  all Deputy Chairman and Secretaries of the State Development Boards
two weeks prior to the NEDC to consider the Approach paper /Draft Five year plan for identifying the main issues and firming up the agenda for the meeting of the NEDC.

- Deliberation in the NEDC should be so structured as to facilitate meaningful discussions on each item of the agenda;
- The NEDC or its standing committee should meet regularly to consider important economic issues of national significance in addition to the usual of developmental issues.
- NEDC should formulate its own procedures to enable it to discharge its responsibilities;
- The Secretary of the Planning Commission shall act as secretary to the NEDC and the planning commission shall provide such administrative or other assistance for the work of the council as may be needed; and

A Standing Committee on NEDC should be constituted consisting of the Prime Minister, Finance Minister, three other Union Ministers nominated by Prime Minister, Deputy Chairman of the planning commission and Governor, Resource Bank of India and six Chief Ministers, one from each zone selected by rotation or consensus.

This standing committee should be constituted under Article 263 along with NEDC. It may however, set up other committees on subcommittees to advice it or it or the standing committee on special issues.

**NDC during Nehru period**: The Nehru’s Prime Ministership was the first formative phase of governance during which the NDC was the first founded and its procedures and slues of business were devised. NDC was set up underlined its essential Inter – Governmental character authoritatively representing the two orders of the governments in the Indian federation. Michael Breacher writing Nehru’s political biography rightly acknowledge Nehru’s role in planning process. He wrote “firstly he stands at the decision – making stricture by virtue of his position as Prime Minister, Chairman of the Planning
Commission and Chairman of NDC – and because he is Jawaharlal Nehru. He is a link between the planning agencies and the government and is brought into any matter requiring cabinet approval, notably broad decisions concerning targets, aims and priorities. Secondly, because of his multiple position and personal prestige he is central focus of attention for all pressure groups.\textsuperscript{251} Nehru regarded the NDC as the apex democratic institution in the field of planning. In the 8\textsuperscript{th} meeting of NDC, which was, held in December 1956, he said that he attached great impotence to the NDC because of the fact that it enabled all of them to develop an integrated outlook to consider the problems faced by them. In the central government, they were thinking of India in a rarefied atmosphere and it was necessary that they should be brought to ground by the more practical knowledge and experience of the Chief Ministers. On the other hand the Chief Ministers might tend to think of their state rather than the whole of India”.\textsuperscript{252}

Nehru also stressed that NDC was a working council not a debating body. Though it was incapable that the Chief Ministers would be concerned about the affairs of their respective states, the main purpose of the council was to evolve an all India outlook, normally particular schemes of the states were discussed in the planning commission then in the council. The proper subject all the state and sometimes specific issues, which were of an important character. Nehru asked the Chief Ministers to overcome their narrow outlook and to discuss issues of national importance Nehru’ objective of establishing a socialistic pattern of society and planned economic development were also to come to grief under his successors who yielded to the pressures of populist politics and revised the socialist vision of capitalist development on the debris of state and planning failure.

**NDC during ‘Shastri’ Period:** Lal Bahadur Shastri’s and Indira Gandhi’s brief tenures as Prime Ministers between 1964 and 1971 were more or less a continuation of the trend of Union State relations in the preceding Nehru era. However, the period did witness the growing importance of regional party

\textsuperscript{252} Speech by Nehru in 8th Meeting of NDC held in December 1956, p. 23.
leaders and State Chief Ministers in the early post Nehru period. A series of omnibus non Congress Government came to be formed in all major nine India states, but since they induced all sorts of parties ranging from right Center and the lift and they were so unstable that they could not manage to work out an effective front of non- congress state governments against the congress center misused its over siding constitutional powers to destabilize the fractious non- congress coalition government in the states. Nevertheless, these rumbling were heard when the congress party more or less still provided the main common political frame work in the country either as the ruling or opposition party.

Hence the political repercussions of the above change were felt within the congress party itself that developed a more collective leadership rather than a politically differentiated federal framework in terms of different Political Parties ruling in New Delhi and the State Capital. Two factors put additional pressures on the declining Congress Party to dose ranks and manage its internal differences within the house rather than outside. The first of these factors was the Chinese aggression in 1962. For example, in the twenty second meeting of NDC held on September 6, 1965, the Chief Minister wanted that a country was facing external aggression; the Council need not asset time discussing the various aspects of the plan. Instead they decided to leave it to the Prime Minister to reorient, alter or amend the plan as necessary to meet the emergent situation and safeguard the country’s security and long term interests. It may be noted that in 1964 – 65, the country was also facing a serious as ought and food crisis. The second of these two factors was the growing internal division within the Congress Party which was somehow managed amicably by the Congress working committee dominated by regional Party bosses under Congress Party President, K.Kamraj who successfully co-ordinated the Shastri succession from

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253 Paul Brass, “Coalition politics in North India “ American Political Science Review, Vol. – LXXII. P.43

254 Michael Brecher, Nehru is Mantle: the politics of succession in India New York : pager 1966; and MP . singh split in a predominant party ; the Indian National congress in 1969 New Delhi Abhinav publications 1981
Nehru and the Indira Gandhi succession from Shastri. The expanded Congress working Committee in duded most union and state Chief Ministers visually turned into what Michoel Brecher called the “grand federal council“ of the Indian republic.\textsuperscript{255} By the end of 1969 however, despite grousing external challenge from opposition parties, the unity in the congress finally ruptured as Indira Gandhi decided to take on the dominant party bosses using less entrenched position in the government and the Congress Parliamentary Party and forced the sight wing old guard syndicate leadership out of the pasty. In the twenty fourth meeting of NDC, the Chief Minister of the first Non-Congress minority coalition led by Jana congress in Orissa, R.N. Singh Deo asserted that the NDC should consider to make an equitable allocation of resources between Union and the States, so that regional imbalances could be removed.\textsuperscript{256} Mohan Lal sukhadia, the congress Chief Minister of Rajsthan also stressed that in drawing up the fourth plan. Attention should be given to regional development so that the back word states and regions received a large share of investment otherwise the gap between the developed and underdeveloped states and regions would increase.\textsuperscript{257}

**NDC during Indira Period :** Indira Gandhi emerged as the dominant Congress political leader in the Congress party and the Country in the electoral legislative arenas, a new development over took her in the larger arena of mass politics. The Navnirman movement launched by the opposition congress leader Morarji Desai in Gujrat and the anti-corruption movement trigged off by the student and youth in Bihar, which drew Jayaprakash Narayan from virtual political retirement to offer his leadership to both their movements confronted Indira Gandhi with a great mass movement against her. Thus even with massive legislation majorities, she found it difficult to govern and chain larger democratic legitimacy. This contradiction of Parliament and mass politics eventually culminated into the proclamation of Internal Emergency in June

\textsuperscript{255} Michoel Brecher, *Nehru’s Mantle : the politics of succession in India*. P. 280.

\textsuperscript{256} Speech by R.N. Singh Deo in 24th Meeting of NDC held on December 1, and 2, 1967 *Government of India planning commission*, summary record New Delhi – P 55

\textsuperscript{257} Speech by Mohan Lal sukhadia in 24th mecling of NDC Ibid – P. 58
1975 with large scale arrests of the leaders of the mass movements and opposite party’s leaders. There was no meeting of NDC after the 27th in March 1970 until the twenty eighth in May 1972. Another major gap is noticeable during the pendency of the Internal Emergency, the period between the thirteenth meeting in December 1973 and 31st meeting in September 1976. With the kind of political dominance Indira Gandhi was able to establish in the country during this phase, it can be expected that the central government enjoyed the upper hand in the preparation of the Plans and in the NDC meetings.

A survey of Speeches delivered in the NDC indicates that critical voices were not entirely unheard. An interestingly, these critical opinions on the plan documents did not come only from non – congress Chief Ministers; even congress Chief Minister expressed reservation; against the plans represented for the approval of the NDC. It is thus dear that issues of under development and regional disparities did not find expression strictly along pasty affiliations. For instance, K. Brahmananda, the congress chief minister of the Andhra Pradesh accused that some states got massive assistance especially in the public sector with the result that the back word states did not receive adequate assistance and continued to remain back word. He added this showed the politicization of planning commission and such a position should be alerted. He even wondered wither the NDC was serving as much useful purpose if it could not help to reduce regional imbalances. He further added that advanced states should not grudge special assistance to back word and poor states to enable the later to come up. He also pointed out that on the bases of per capita investment; Andhra Pradesh was almost at the bottom. To reduce regional imbalances, it was necessary that the weaker state should be given a sizeable shark on loan, assistance from LIC and other financial institutions likewise; a little larger share from the centrally sponsored schemes should go to the weaker state. In the thirtieth meeting, the governor of Orissa, B.D Jatti said that though removal of
imbalance was a prod aimed aim of the five year plans but in reality the disparities between poorer and advanced states lad been increasing over the years, In this regard, it was essential. He added central sector investments were an important instrument through which these imbalances could be corrected. 

rector investments be indicated, it the policies and programmed were in furtherance of the objective or not.\textsuperscript{260}

**NDC during Janta Period:** After the Emergency, 1977 Lok Sabha election proved to be a turning point in Indian politics. This was so because it alerted the parameters of politics in the country, especially in the terms of Union State relations. The Janta pasty came into the power in major North Indian States. It was essentially a confederal political formation that formed Government in New Delhi as well as in Utter Pradesh, Bihar, Madhya Pradesh, Haryana, Himachal Pradesh, Rajasthan, Gujrat, Orissa etc. the areas of its electoral success were broadly the same as those that had suffered the excesses of the Emergency most. The congress ruled States in the South re-elected the Congress Party, beside Tamil Nadu where one of the Tamilian Party won. This was thus a fairly variegated political picture in the country with the Janta pasty in the power at the center and a broad spectrum of Parties ruling in the States. After 1967 this was level political forces to experience a more federalized context than before one crude index of this federalization is that there was a greater regularity in the NDC meetings which were convened annually in contrast to the preceding period in which its meetings were not held for years, also serious review of fiscal federal politicizes and centrally sponsored schemes were under taken at these meetings.

The thirty second (32\textsuperscript{nd}) meetings of NDC in March 1973 chaired by Prime Minister, Morarji Desai was in clears contrast to the preceding meetings under congress Prime Ministers. In a comment in this meeting, it was observed that “the NDC is no longer a rubber stamping body which would promptly accepted any consensus dictated by the central government from time to time.

\textsuperscript{260} Ibid., P. 32.
The present political land scope and alignment of frees precludes that happening. Anybody in the Central Government or the Planning Commission entertained the idea of going through with the conventional pattern of obtaining the old type of consensus; he must have become much wiser after the event.”  

The columnist, Romesh Thapar made the observation of thirty – second meeting of NDC that, “the meeting had been one of the most positive sessions of NDC. The dramatic dimension of plan had been most responsive to the suggestions of chief ministers, even including in the plan document a whole bunch of points advance by Jyoti Basu of the CPI (M) and there had been a generally agreeable dissuasion about the need to decentralize power, although it had been pointed out quite firmly that the NDC could not turn itself into a constitution making body. It would not be an exaggerated to say that this session of the NDC reflected a dry healthy attitude by the center to reassure from the states for greater self-reliance in handling the resources allotted to them.  

**NDC during Rajiv Gandhi Period:** There were three meetings during the Rajiv Gandhi’s Primemistership, at which Draft seventh five-year Plan, New Education policy and the mid Term Appraisal of the seventh plan were doused. A review of the proceedings of the NDC meetings during this phase suggests that this was perhaps by far the most vigorous articulation of the critical views of the state government. This was presumably because almost half of the states of the union were now ruled by non-congress parties. In the November 1985 meeting, the Draft seventh plan received both barguests’ and brickbats from Chief Ministers and Lieutenant Governors. The noted political observer, Ramesh Thapar commenting on this meeting remarked on “the unreality of the two day ritual of the NDC where there was no discussion, what so such on the interventions of Surjit Singh Barnala, N.T. Rama Rao, R.K. Hegde and Jyoti Basu. Thapar went on to record: when substantial matters are raised, either an

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261 *Economic political weekly* 25 March 1978 P - 542
uncomfortable silence prevails or the exchanges are designed to evade the issues raised.\textsuperscript{263}

A number of Chief Minister’s highlighted the problems faced by their States and made impassioned appeals to those present to accept their suggestions.\textsuperscript{264} They pleaded for more central assistance saying that it was beyond third capacity to mobilize additional resources to the extent desired by the planning commission they sought structural change in the pattern of assistance to take care of the special need of the States.\textsuperscript{265} There was also a reference of heated exchange between the prime minister and the rumblings of Congress–I, Chief Ministers themselves on the issue of greater financial autonomy for state governments.\textsuperscript{266} Consequently a 16-member committee of NDC was set – up to go into the future of the centrally sponsored schemes. The committee was to examine the recommendations of the Rama Murti Committee on centrally sponsored schemes and review the criteria laid down by the NDC in the 1979 for liking up of such schemes. It would also suggest modification in the criteria that should govern such schemes for the future.\textsuperscript{267} In the meeting held in March 1988, the Chief Ministers from both the Congress–I and Non-Congress–I ruled states demanded greater central assistance for the midterm appraisal of seventh Plan. The Chief Ministers of states slued by non Congress-I parties, however, were critical of the central governments continued encroachment on powers of the states. Most of them “asked “for their due of the central assistance.

Rajeev Gandhi brought a new style in the conduct of the meeting, which was held after a gap of two years. He insisted that Chief Ministers should speak impromptu and the time given to each was 10 minutes. The Chief Minister agreed initially but soon got disillusioned, as they were neither allowed to make lengthy speeches nor permitted discussions on the few points they had made.

\textsuperscript{263} Romesh Thapor, “Two nations or one “
\textsuperscript{264} Economic and Political Weekly Vol XX NOS 45, 46&47 November 1985 – P - 1901
\textsuperscript{265} The Business standard, New Delhi 9 November – 1985.
\textsuperscript{266} The Hindustan times, New Delhi –9 November 1985.
\textsuperscript{267} Financial express, New Delhi 30 November 1985.
\textsuperscript{266} Financial express, 26 April 1986.
This last meeting of NDC during the Rajiv Gandhi Prime Ministership was thus masked by unseemly impatience on the part of the prime minister and unusually prickly and critical mood on the part of the non-Congress Chief Ministers. A commentator described the meeting as “a disaster”. The observer went to say, “it should make every one sit up that an institution like the NDC, which has all the time since it is establishment been held up as a forum for center state and interstate dialogue; in place of inter states council envisaged under the constitution, is proving to be so very ineffective.”

**NDC in post 1990s:** The 1989 Lok Sabha elections was the turning point in the Indian Politics, especially in the Union State relations. The year witnessed the transformation of the one party dominant system into a multi-party system. The Congress Party whose fortunes were gradually declining over the 1980 was decisively routed. It yielded power to a multi-party federal coalitional formation consisting of Janta Dal, some major regional Parties, and Communist Parties. The last named group of legislative coalition, as they did not join the cabinet. BJP, which decided to reluctantly support the coalition government with the motive of keeping the congress out of power. The National Front Government headed by V.P. Singh was thus a minority coalition government dependent on the outside support of the right and left – wings of the Party System. This new Political dispensation in New Delhi and a variety of Political Parties in power at the State level in different of federal politics in India. Some regional and National Parties in power at the state lived also brought a direct representation in the federal coalition cabinet. This enormously increased the influence of regional political parties in the government at the center. During the national front government headed by V.P. Singh, two meetings of NDC were convened in Jane and October 1990 to discuss the Approach paper to the Eighth five year plan, distribution of central budget support for states plan expenditure, issues relation to right to work and impact on India’s balance of payments of the gulf crises.

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268 Economic and political weekly vol – XXIII NOS – 14 and 15 April 2-9 1988- P – 668.
The forty second meeting of NDC in the October 1990, it was unanimously agreed to modify the Gadgil Formula for resource allocation among the states. The amendment cut down the weight age given to population and stepped up the weight of the per capita income. The criteria set by the gadget formula for resource allocation was population 60 percent, per capita income 20% tax effort 10% and special problems 10 percent. Thus the NDC took a collective view that performance of each state in this area should be evaluated in the light of variety of related indices and not just taxation effort as that enlisted. The new formula for the first time widened the consisted the new formula for the first time widened the criterion of special problem problems, by calling it special development problems; these includes coastal areas, special environment issues as flood and drought prone areas, exceptionally sparse or thickly populated areas, special difficulties for size, desert problems and problems of slums. The P.V. Narsimha Rao Government convened four meetings of NDC in December 1991, May 1992, April 1993 and September 1993. The agenda at these meetings included of eighth five-year plan, review of centrally sponsored developmental schemes, distribution of central assistance and open market borrowings among the states during the eighth plan, population control reports on austerity, population, employment and illiteracy, micro – level planning etc. The Forty fourth meeting of NDC held on 22May 1992 approved the eight plan document with a record allocation of Rs. 30,000 crore for rural development programmers. The council also endorsed the suggestion for revamping the programmers and making them more flexible to suit the needs of individual states. A basket of rural development scheme would be prepared in consultations with the States which would have the right to choose any one or all of them or even alter theme as per requirements.\footnote{The Economic times, New Delhi, 26 May 1992} Pranab Mukherjee , Deputy Chairman of planning commission after the meeting at a press conference said that all the states with exception of West Bengal had endorsed the eighth plan document. Jyoti Basu of West Bengal suggested & dialogue between the Union and the States on vital issues such as external loans for meeting balance of payments problems.
Majority of states wanted transfer of rural development schemes to them, higher shore in resource devolution vis-a-vis the union and incentives on small savings schemes to be restored. In the forty fifth (45) meeting of NDC held in April 1993, the NDC gave its genial endorsement to the recommendations of the austerity panel report with a proviso of ‘wider consultation’ with political parties and trade unions before implementing them. This job was assigned to the planning commission.270

Rao regime was followed by two United Front Governments headed by the H.D. Deve Gowda and I.K. Gujral respectively. Both these Governments were rather short lived. Deve Gowda called the forty seventy (47) meeting of NDC in 16 January 1997. The Gujral Government did not convince any meeting presumably because of his greater attention to foreign policy concerns as also its short duration. The NDC meeting of January 1997 was diseurs the draft paper to Ninth Plan. Discussion on Sarkaria Commissions report on devolution of resources from Union to the States was dropped from agenda of meeting. It was realized that since the states were demanding for a greater share of central resources, any discussion on the Sarkaria Commission report would have generated a lot of heat in the NDC. Thus hindering the way to achieve consensus on the Ninth Plan approach paper. The government had set up a committee to take a view on the Sarkaria Report in view of changed circumstances but according to sources, even the committees report might not be presented at the NDC instead would be discussed in other forums like the steering committee of United Front.271

The Vajpayee Government held the forty eight (48th) meeting of NDC in February 1999 after a gap of over two years, the delay was apparently caused by the fall of two United Front Government led respectively by Deve Gowda and I.K. Gujral in 1997 and 1998, this resulted in the delay in finalizing the ninth plan. But the draft ninth plan was provisionally kicked of pending its subsequent approval by NDC which could be done only in the 1999 meeting of NDC. Prime

270 The Economic Times, New Delhi, 6 April 1993.
Minister Vajpayee seeking at the NDC meeting asked the States to pause on populist dolas—outs and set their finances in order by cutting wasteful expenditure in order to achieve the target 7% growth during the next three years.272 Addressing the meeting, he observed, “the realization of social and economic objectives of the ninth plan depends critically on our being able to finance public investment in crucial areas of social and physical infrastructure. We fail in our duty if we do not improve the central and states finances. He pleaded the states to our current expenditure and also stressed on the need for fiscal discipline and responsibility, both at the union and states level, to protect public sector investments. He urged the Chief Ministers to rise above “partisan politics “and work together to build a strong and prosperous India. He acknowledged that some of the decisions of the Union had serious, though indirect repercussions on the state finances and in this regard also cited the example of fifth central pay commission’s recommendations. He added, “Adoption of these at the center had a snowballing effect on states. I can assure you that we will be more considerate of states interest in such matter in future. Forty nine (49th) Meeting of NDC and second meeting under Vajpayee’s Prime Minister ship was held on 1 September 2001 in New Delhi the NDC unanimously approved the draft approach paper to the Tenth Five year plan that envisaged an eight percent annual growth in the next five years. It was also decided at the Meeting that Prime Minister and all Chief Ministers would have a Davos – type informal retreat to mull over the future of economic reforms.273 Commenting on the 49th Meeting of NDC, S. Swami Nathan. remarked: “ It is indeed a sad comment that Center State equation has became so skewed that many State Governments have simply degenerated as financial dependents on the Center for day to day survival instead of leveraging the opportunities for socio-economic development opened up by the process of decentralization of decision making. Even if the NDC is remain a ceremonial make believe of consultation, it cannot be too strongly argued that for viable development of

272 Economic and political weekly, 20 February 1999
273 The Hindu, New Delhi, 2 September 2001.
benefit the poor center – state coordination and synergy ought to become integral elements in governance”.  

The 52nd meeting of the National Development Council held on 9 December 2006, to approve the Approach Paper for the XI Five Year Plan and the Annual Plan for 2007-08. This meeting has been well prepared and the preparatory consultations and regional meetings were useful.” Today's consultation of the National Development Council (NDC) marks a watershed. It is for the first time that we have before us an Approach Paper in the background of unprecedented economic buoyancy and it is therefore wholly appropriate that we now seek to achieve faster growth in a more inclusive context. So is the heed to support initiatives to reduce gender divides, care for children and mainstream the disadvantaged, particularly Scheduled Casts / Tribes and Backward Classes. We fully support the 9% growth strategy contained in the plan based on a sharp increase in domestic investment from 27.8% to 35% of GDP; half of this will come from private investments and the financing of the other half, namely public investment, is dependent on continued tax buoyancy and curtailing non-plan expenditure including better targeting of subsidies. We also favor better subsidy targeting having recently introduced a coupon system for access to PDS and Kerosene. The assumption about the Incremental Capital Output Ratio has not been shared with us nor is it clear whether productivity gains have been fully factored. Foreign investment is expected to rise but there is no clear strategy on how current impediments will be mitigated apart from improved infrastructure and some fine-tuning of sector caps. Improving investment climate through faster clearances, energy security, enforcement of contract, creating credible regulatory institutions, flexible labour laws and keeping costs competitive remain problematic. However, we endorse the broad thrust of the targets and its reform strategy, although in many areas we wish they were more explicit. The philosophy of achieving growth which benefits all stakeholders and spreads wealth to the rural economy, which supports 60% of our people, deserves the

274 The Hindu, New Delhi, September 2001, P-14.
highest priority. However, while endorsing the broad targets and the strategy, I have some more specific comments to make.\textsuperscript{275}

**Union States Relations Through Various Conferences:**

**Chief Minister’s Conferences** - The origin of Chief Ministers Conferences can be traced back to 1946 when Vallabhai Patel who was to home minister in the interim central government called the premiers conference to ensure agreement to the formation of the central administrative services. The Indian Administrative service (IAS) and the Indian police service (IPS). The frequent depends upon the “gravity of issues warranting notice of Chief executives as well as the predilections of the central leadership.\textsuperscript{276} The Chief Ministers a conference is convened when some problem of wider importance arises so as to get the attention of chief minister the Prime – Minister presides over the conference. It is also attended by some central ministers depending on the agenda. Both the union and states submit the item for the agenda but in practice, it is the union which lakes the initiative. In the words of S.R. Maherwasi. It Chief Minister’s conference is potentially an important forum for the discussion of issues and harmonization of relationship between the center and the states.\textsuperscript{277}

A conference of union minister and chief minister held in 1996, to review the situation about the availability of Basic Minimum services (B.M.S.) to the people. The Conference identified seven basic minimum services for priority attention, namely of primary education, safe drinking water, public housing assistance to all Shelter less poor families, nutrition, connectivity of all villages and habitations by roads and steam ling of public distribution system (PDS) with focus on the poor, the conference recommended that the entire population should be conversed by the programme in a time bound manner. As a result of the union – state premiers’ recommendation and realizing the financial constraints of the states, the central government decided to provide some additional funds to supplement state resources. Consequently a separate budget

\textsuperscript{275} [http://www.planningcommission.nic.in/plans/planrel/52ndc/Bihar1.doc](http://www.planningcommission.nic.in/plans/planrel/52ndc/Bihar1.doc) access on 04/08/2008


\textsuperscript{277} Ibid – p. 45
head was introduced in 1996 – 97 with provision for Additional Central Assistance (ACA) for the basic minimum services.  

Another conference was called by the Prime Minister Atal Bihri Vajpayee on July 7, 1999. The congress Chief Ministers sharply questioned the center’s handling of Kargil issue. Demanding a special session of the Rajya Sabha, they also asked the central government to present a white paper on all events immediately preceding the Kargil crisis. Besides, they also expressed the need to set – up a committee of Chief Ministers to formulate a national policy for war affected servicemen and to ensure that no third party mediation was allowed on the Kashmir issue. However the issue of calling the Rajya Sabha session dominated on their agenda. They argued that it would be in keeping with not only parliamentary democracy but also the request of President K.R. Narayan. Digriyaj Singh, the congress Chief Minister of Madhya Pradesh, was skeptical of the governments intentions searching question were also raised on the government’s failure to detect the infiltration. Shila Dixit, the Congress Chief Minister of Delhi, said that government should explain how it allowed Kargil to develop in the first place, why had it ignored warning signals and why was these a let – up in defense. That was very serious issue as the enemy had penetrated 10 to 15 KMs. into the Indian Territory. She pressed that a white paper was essential to answer questions such as these.

Another Chief Minister Conference took place on 3-March 2001 in New Delhi on power sector reforms. The conference was convened by the Prime Minister and was attended by Chief–Ministers and power Minister of the states, Union power minister, Union Finance Minister and the Deputy Chairperson of the Planning Commission. The agenda of the conference was set – up the Prime Minister who drew a decimal picture of the power sector. Prime Minister Vajpayee said, “In view of our rapidly growing needs, we need to add 100,000 MWs to our generating capacity in the next 10 years this will cost Rs. 800,000 crore in duding association costs in transmission and distribution systems.

279 The Hindu, In Indian Recorder, New Delhi, 6–12 August, 1999, P. 4667.
Measly half a these resources have to come from the private sectors.” Prior to the meeting, the Congress Chief Ministers of Madhya Pradesh, Maharastra, Rajasthan, Delhi, Karnataka, met in the morning and decided that the Congress CMs would speak in one voice which would be articulated by Degvijay Singh Madhya Pradesh. Consequent Singh proposed that power sector reforms should be depliticised; and for this, the Prime – Minister was requested to convene an all pasty meeting where not only chief ministers but lenders of opposition in the state Assemblies should also be invited. The proposal was accepted by the conference. The “Chief Minister’s conference” convened by the Prime Minister out side the frame works of the foregoing article, can be dearly seen in the critical policy are of power sector reforms. As Navroz. K. Dubash and Sudhir Chella Rajan aptly observe in this context: One important manifestation of the control government’s coordinating role has been a regular series of Chief Minister’s meetings to come up with a common agenda on power sector reforms. Such a meeting in 1996 is repeatedly invoked as a turning point. Chief ministers agreed to common minimum action plan which included handling over retail tariffs to state electricity regulatory commissions and a determination that while cross subsidies cross sectors were to continue, they were to be restricted.

A Conference of Chief Minister met in New Delhi on August 25, 2001 to discuss the recommendations of the Task force on co-operative credit system and the rural infrastructure development fund. In the meeting Prime Minister said that many cooperative institutions were financially weak and beset with problems of low volume operations, inefficient functioning and lack of professional and competent man power. He called for difficult but unavoidable decisions to bring about a speedy revival of cooperative credit institutions. Most of the Chief Ministers were not in favor of most of the recommendations of the Task force on cooperative credit system. Due to lack of resources, most states wanted greater central assistance in revamping the credit institutions instead of

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280. The Hindu, March 4, 2001 P-1
the Task Force recommendation of a 40% contribution each from the center and the state government and 20% contribution from the member.\textsuperscript{282}

Many Chief Ministers were also not in favor of giving up control over the cooperative institutions. Most of the chief ministers, in fact wanted the central to provide a recapitalisation package for the cooperative credit institutions, as had been done in the case of public sector banks and regional rural banks.

\textbf{Zonal council:}

The Zonal council also, plays the important role in Union state relations in India. The Zonal council was set-up on the basis of recommendations of the states re-organization Act 1956. The Zonal council includes the Chief Minister of only a particular Zone, in addition to the Union Home Minister. Re-organization of states on the linguistic basis generated great passion that was a threat to the unity of the country. In this situation, Zonal councils were thought to be. The most suitable and necessary instruments of inter-Governmental Consultational and co-operation mainly in, social and economic fields and also to arrest the growth of controversies and particularistic tendencies among the states.\textsuperscript{283} Originally the State re-organization Act provided for setting up of five Zonal councils, where as now the country is divided into six zones, 1.Northern zone 2.Central zone 3.Eastern zone 4.North-eastern zone 5.Western zone 6.Southern zone

Each Zonal Council consists of a Union Minister who is nominated by the Chief Executive, the Chief Minister and two other Ministers from each state, to be nominated by the state executive, and a Union territory in the zone in the zone is to contributed only two members to be nominated by the central executive.\textsuperscript{284} It is also assisted by advisers. The Zonal councils started Functioning from the middle of 1957 for some time it et regularly and discussed on problems of

\textsuperscript{282} \textit{The Hindu}, 26 August 2001.
\textsuperscript{284} Chandra Pal, co-operation through statutory bodies center state relations and cooperation Federalism New Delhi deep & deep publications, 1983, P.,206.
natural interest, but it is 1967 when non congress Government were formed in many state, the meetings became less frequent and states preferred to discuss the questions directly with the central Government. The councils are advisory bodies and can discuss any matter in which some states or the center and state in the Zone, may be interested. Some of their major achievements have been in the field of irrigation and power, development of backward areas, health schemes and reciprocal concessions in regard to domiciliary curbs in admissions. The allegation that the councils are no better than fifth wheel in administrative coach serving no purpose other than hindering efficiency therefore can be refuted. Rather these councils by providing a regular forum for discussing matter of common interest in different zones, have become clearing houses of ideas and not a mere device for registering agreements so long as they enable the member states to under-stands one another’s difficulties and needs it would strengthen cooperation among state in the Zones. 285

The Sarkaria Commission has recommended that the existing five Zonal Councils constituted under the state reorganization Act 1956, and subsequently expended into six, should be reconstituted under Article 263 of the Constitution. Also that the North Eastern council set-up under the North Eastern states in addition to its existing functions. It also recommended that Chairman should be elected from amongst the Chief Ministers of the member-states annually by rotations as against the existing practice by which the Union Home Minister acts as the Chairman. Another suggestion made by the commission meet at least twice in the state of which the Chief Minister is the Chairman of Council. There is no doubt that Zonal councils are useful agencies where first level discussion on regional and inter-state issues can be made. The effective working not only requires co-ordination between Zonal Councils and inter state council but also effective and objective leader-ship.286

285 Ibid-P-232
286 H.A.Gani, Center-State Rrelations and Sarkaria commission, Deep & Deep publication, New Delhi, 1999, P-108.